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**JY GAS LIMITED**  
**交运燃气有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1407)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2024 (the “**Period**”) amounted to RMB193.6 million, a decrease of 5.3% as compared to the corresponding period in 2023.
- Gross profit for the Period amounted to RMB28.1 million, a decrease of 9.4% as compared to the corresponding period in 2023. The gross profit margin for the Period was 14.5%, as compared to 15.2% for the corresponding period in 2023.
- Net profit for the Period amounted to RMB15.6 million, a decrease of 19.1% as compared to the corresponding period in 2023.
- The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024.

## UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of JY GAS LIMITED (the “**Company**”) announces the unaudited interim consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the Period with comparative figures for the corresponding period in 2023 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	193,629	204,539
Cost of sales	8	<u>(165,555)</u>	<u>(173,516)</u>
<b>Gross profit</b>		28,074	31,023
Administrative expenses	8	(10,236)	(9,254)
Reversal of net impairment losses on financial assets		247	58
Other income	6	1,789	1,789
Other gains/(losses) , net	7	<u>1,489</u>	<u>2,313</u>
<b>Operating profit</b>		<u>21,363</u>	<u>25,929</u>
Finance income	9	1,321	1,047
Finance costs	9	<u>(1,472)</u>	<u>(475)</u>
Finance income and costs, net	9	<u>(151)</u>	<u>572</u>
<b>Profit before income tax</b>		21,212	26,501
Income tax expense	10	<u>(5,639)</u>	<u>(7,257)</u>
<b>Profit and total comprehensive income for the Period</b>		<u>15,573</u>	<u>19,244</u>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		15,248	18,723
Non-controlling interests		<u>325</u>	<u>521</u>
		<u>15,573</u>	<u>19,244</u>
<b>Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>	11	<u>0.03</u>	<u>0.04</u>

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2024**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		147,459	141,247
Investment properties		68,700	69,000
Right-of-use assets		9,889	10,058
Intangible assets		5,545	5,727
Trade receivables	12	18,756	15,280
Other non-current assets		5,756	5,528
		<u>256,105</u>	<u>246,840</u>
<b>Current assets</b>			
Inventories		11,974	10,447
Contract assets		1,820	2,351
Trade and other receivables	12	58,145	126,427
Financial assets at fair value through profit or loss		10,327	9,445
Prepayments and other current assets		6,871	26,230
Cash and bank balances		225,936	127,547
		<u>315,073</u>	<u>302,447</u>
<b>Total assets</b>		<u><u>571,178</u></u>	<u><u>549,287</u></u>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2024

		Unaudited 30 June 2024 <i>RMB'000</i>	Audited 31 December 2023 <i>RMB'000</i>
	Note		
<b>Equity</b>			
Share capital		310	310
Share premium and reserves		174,466	174,083
Retained earnings		108,257	106,618
Equity attributable to owners of the Company		283,033	281,011
Non-controlling interests		16,084	15,759
<b>Total equity</b>		<b>299,117</b>	<b>296,770</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		1,855	1,893
Trade payables	13	7,023	6,576
Deferred income tax liabilities		8,030	7,785
		16,908	16,254
<b>Current liabilities</b>			
Trade and other payables	13	77,718	61,115
Contract liabilities		103,352	132,814
Current income tax liabilities		3,813	2,096
Borrowings	14	70,076	40,045
Lease liabilities		194	193
		255,153	236,263
<b>Total liabilities</b>		<b>272,061</b>	<b>252,517</b>
<b>Total equity and liabilities</b>		<b>571,178</b>	<b>549,287</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1 General information

JY GAS LIMITED (the “**Company**”) was incorporated in the Cayman Islands on 9 March 2021 as an exempted company with limited liability under the Companies Act (Cap.22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman, KY1-1203, Cayman Islands.

Pursuant to a group reorganisation which was completed on 20 July 2021 (the “**Reorganisation**”), the Company became the holding company of the subsidiaries now comprising the Group. Details on the Reorganisation are set out in the prospectus of the Company dated 31 October 2022.

The shares of the Company (the “**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 November 2022.

The Group is principally engaged in the sale of natural gas, mainly piped natural gas (“**PNG**”), compressed natural gas (“**CNG**”) and liquefied natural gas (“**LNG**”), the provision of construction and installation services and the sale of gas-burning appliances in Gaomi City, Shandong Province.

These interim condensed consolidated financial information are presented in Renminbi Yuan (“**RMB**”), unless otherwise stated.

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has not been audited. The interim condensed consolidated financial information have been approved for issue by the Board of Directors on 29 August 2024.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34. This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual report for the year ended 31 December 2023, which has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and any public announcements made by the Company during the interim reporting period.

The preparation of this interim condensed consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim financial information, are disclosed in note 4 below.

## 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023 as described in those annual financial statements except for the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected total earnings.

### *(a) New and amended standards adopted by the Group*

The following amended standards are mandatory for the first time for the Group’s financial year beginning on 1 January 2024 and are applicable for the Group:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKFRSs effective for the financial year beginning on 1 January 2024 do not have a material impact on the Group’s interim financial information.

***(b) Impact of standards issued but not yet applied by the Group***

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**4 Estimates**

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

**5 Revenue and segment information**

The Company's executive directors are the Group's chief operating decision maker ("CODM"). The CODM reviews the performance of the Group on a regular basis.

As substantial business operations of the Group relate to the sale of piped natural gas, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide consolidated financial information. Accordingly, there is only one single operating segment for the Group qualified as reportable segment under HKFRS 8 "Operating Segments". No separate segmental analysis is presented in the interim condensed consolidated financial information. The Group's total revenues are all from domestic customers in the PRC. Accordingly, no geographical information is presented.

	<i>Unaudited</i>	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue recognised at a point in time:</b>		
Revenue from PNG sales	167,522	174,618
Revenue from CNG and LNG sales	10,009	13,119
Revenue from sales of gas-burning appliance	4,109	3,281
	<u>181,640</u>	<u>191,018</u>
<b>Revenue recognised over time:</b>		
Revenue from construction and installation services	11,989	13,521
<b>Total</b>	<u><u>193,629</u></u>	<u><u>204,539</u></u>

During the six months ended 30 June 2024 and 2023, no revenue was derived from transactions with a single customer representing 10% or more of the Group's total revenue.

According to the Notice on the Temporary Price of PNG for Non-Residential Usage in the Non-heating Season of 2024 (《關於2024年非供暖季非居民用管道天然氣暫行價格的通知》) issued by the Development and Reform Bureau of Gaomi City on 26 April 2024, the selling price of PNG sales for non-residential usage has been adjusted downwards from RMB4.5/m<sup>3</sup> to RMB4.2/m<sup>3</sup> with effect from 1 April 2024. As of the date of this announcement, the Group has not yet received the final price notice from the Development and Reform Bureau of Gaomi City.



**6 Other income**

	<i>Unaudited</i>	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income from a related party	<u>1,789</u>	<u>1,789</u>

**7 Other gains/(losses), net**

	<i>Unaudited</i>	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange gains	601	3,275
Fair value loss on investment properties	(300)	(300)
Fair value gain/(loss) on financial assests	865	(535)
Other	<u>323</u>	<u>(127)</u>
	<u>1,489</u>	<u>2,313</u>

## 8 Expenses by nature

Expenses included in cost of sales and administrative expenses are analysed as follows:

	<i>Unaudited</i>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Cost of natural gas	<b>147,528</b>	154,360
Materials used in construction and installation services	<b>4,498</b>	6,183
Cost of gas-burning appliance sold	<b>2,545</b>	1,662
Employee benefit expenses	<b>5,813</b>	4,438
Depreciation and amortisation		
– Property, plant and equipment	<b>5,678</b>	5,302
– Right-of-use assets	<b>169</b>	322
– Intangible assets	<b>183</b>	159
Taxes and surcharges	<b>470</b>	618
Repairs and maintenance costs	<b>2,382</b>	2,726
Utility costs	<b>428</b>	625
Vehicle costs	<b>365</b>	186
Outsourced construction labour cost	<b>2,011</b>	1,486
Other expenses	<b>3,721</b>	4,703
<b>Total cost of sales and administrative expenses</b>	<b><u>175,791</u></b>	<b><u>182,770</u></b>

## 9 Finance income and costs, net

	<i>Unaudited</i>	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income:		
– Bank deposits	306	673
– Loans to a related party	737	—
– Financing components recognised	278	374
	<u>          </u>	<u>          </u>
<b>Total finance income</b>	<b><u>1,321</u></b>	<b><u>1,047</u></b>
Interest expense:		
– Bank borrowings	(1,406)	(400)
– Interest expense of lease liabilities	(66)	(75)
	<u>          </u>	<u>          </u>
<b>Total finance costs</b>	<b><u>(1,472)</u></b>	<b><u>(475)</u></b>
<b>Finance income and costs, net</b>	<b><u>(151)</u></b>	<b><u>572</u></b>

## 10 Income tax expense

	<i>Unaudited</i>	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax:		
– PRC enterprise income tax	5,394	6,125
– Deferred income tax	245	1,132
	<u>5,639</u>	<u>7,257</u>

## 11 Earnings per share

Basic earnings per share for the six months ended 30 June 2024 and 2023 are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

	<i>Unaudited</i>	
	Six months ended 30 June	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	15,248	18,723
Weighted average number of issued ordinary shares	440,000,000	440,000,000
<b>Basic earnings per share (expressed in RMB per share)</b>	<u>0.03</u>	<u>0.04</u>

As the Company has no dilutive instruments during the six months ended 30 June 2024 (six months ended 30 June 2023: nil), the Group's diluted earnings per share equals to its basic earnings per share.

## 12 Trade and other receivables

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current</b>		
Trade receivables		
– Third parties	19,850	16,186
Less: provision for impairment of trade receivables	<u>(1,094)</u>	<u>(906)</u>
	<b><u>18,756</u></b>	<b><u>15,280</u></b>
<b>Current</b>		
Trade receivables		
– Related parties	3,921	3,879
– Third parties	51,257	53,366
Less: provision for impairment of trade receivables	<u>(2,588)</u>	<u>(2,632)</u>
Trade receivables - net	<b><u>52,590</u></b>	<b><u>54,613</u></b>
Other receivables		
– Related parties	4,550	71,078
– Third parties	26,429	26,522
	<b><u>30,979</u></b>	<b><u>97,600</u></b>
Less: provision for impairment of other receivables	<u>(25,424)</u>	<u>(25,786)</u>
Other receivables - net	<b><u>5,555</u></b>	<b><u>71,814</u></b>
	<b><u>58,145</u></b>	<b><u>126,427</u></b>
<b>Total trade and other receivables, net</b>	<b><u>76,901</u></b>	<b><u>141,707</u></b>

- (a) Aging analysis of trade receivables at each balance sheet date based on their initial recognition dates were as follows:

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	22,801	17,911
1 - 2 years	28,993	28,993
2 - 3 years	23,196	26,489
Over 3 years	38	38
	<u>75,028</u>	<u>73,431</u>

Trade receivables are mainly recorded based on the dates of transaction. The aging of trade receivables based on their initial recognition dates is basically by reference to their respective dates of invoice.

Most of the Group's trade receivables are related to its construction and installation services for which the credit period is implemented in accordance with the relevant contracts.

Movements in allowance for impairment of trade receivables is as follows:

	<i>Unaudited</i>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of period	3,538	1,161
Provision	313	—
Reversal	(169)	(58)
	<u>3,682</u>	<u>1,103</u>

The carrying amounts of trade receivables approximate their fair values.

### 13 Trade and other payables

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current</b>		
Trade payables		
– Third parties	<u>7,023</u>	<u>6,576</u>
<b>Current</b>		
Trade payables		
– Third parties	45,160	40,800
– Related parties	<u>3,844</u>	<u>664</u>
	<u>49,004</u>	<u>41,464</u>
Other payables		
– Value-added tax payable	9,752	11,911
– Other taxes payable	219	760
– Amounts due to related parties	1,446	1,410
– Listing expenses payable	550	550
– Salaries and staff welfare payable	1,388	1,446
– Dividends payable	13,252	—
– Others	<u>2,107</u>	<u>3,574</u>
	<u>28,714</u>	<u>19,651</u>
	<u>77,718</u>	<u>61,115</u>
<b>Total trade and other payables</b>	<u><u>84,741</u></u>	<u><u>67,691</u></u>

The carrying amounts of trade and other payables approximate their fair values.

Aging analysis of trade payables at each balance sheet date based on their initial recognition dates were as follows:

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Less than 1 year	<b>21,358</b>	13,010
1 - 2 years	<b>16,327</b>	16,576
2 - 3 years	<b>17,635</b>	17,641
Over 3 years	<b>707</b>	813
	<hr/>	<hr/>
	<b><u>56,027</u></b>	<b><u>48,040</u></b>

Trade payables are mainly recorded based on the dates of transaction. The aging of trade payables based on their recording dates is basically by reference to their respective dates of invoice.



## 14 Borrowings

	<i>Unaudited</i>	<i>Audited</i>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current</b>		
Bank borrowings		
– Guaranteed by related parties	<b>70,000</b>	40,000
Interests payable	<b>76</b>	45
	<u><b>70,076</b></u>	<u>40,045</u>

As at 30 June 2024, bank borrowings of RMB70,000,000 were guaranteed by certain related parties (31 December 2023: RMB40,000,000).

## 15 Dividends

As approved by the shareholders at the Annual General Meeting held on 14 June 2024, a final dividend of HKD3.3 cents per ordinary share of the Company for the year ended 31 December 2023, totalling HKD14,520,000 (equivalent to RMB13,226,000), was distributed to shareholders on 9 August 2024.

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

In the context of achieving carbon peak and carbon neutrality, China will continue to implement policies to encourage the development of low-carbon green energy which will further push forward the growth of natural gas consumption. In Gaomi City and Shandong Province, where the Group operates, favourable government policies continue to be in place to encourage natural gas consumption, including “Opinions on Promoting the Clearing of Coal in the Zero Coal-Burning Restricted Area and Unheated Households” promulgated by the Gaomi City government in 2020 and the “Opinions on Supporting Shandong in Deepening Its Transition from Old to New Growth Drivers and Promoting Green, Low-carbon, and High-quality Development” promulgated by the State Council in August 2022. According to the 14th Five-Year Energy Development Plan of Shandong Province (《山東省能源發展“十四五”規劃》) promulgated by the Shandong Provincial People’s Government on 19 August 2021 (the “**Shandong Five Year Plan**”), a target has been set for at least 9% of Shandong Province’s total energy consumption to be in the form of natural gas by 2025. In addition, the 14th Five-Year Energy Development Plan for Weifang City (《濰坊市能源發展“十四五”規劃》) promulgated by the People’s Government of Weifang City on 10 May 2022 points out that the government will push forward in the areas of natural gas transmission and distribution, and infrastructure construction to help the development of the natural gas industry in the city.

The Company believes that the government’s continuous promotion of the construction of a natural gas production, supply and marketing system, and its commitment to maintaining the supply of natural gas, stabilising and rationalising the price of natural gas will promote the high-quality development of the natural gas industry, and the Company will continue to benefit from the favourable government policies and general industry outlook to further grow its natural gas business.

## DEVELOPMENT STRATEGY AND OUTLOOK

The Group remains committed to improve gas operation safety management by prioritizing the strengthening of safety protocols and increasing its investment in operational safety initiatives. In addition to implementing a robust inspection regime for gas facilities, the Group will also continue to promote and provide gas safety training and education to ensure that all Group personnel are well-equipped and trained to handle potential hazards, strengthen the emergency management of gas accidents, improve the quality of gas accident investigation and handling, and enhance the Company's technological strength and professional equipment management experience to ensure the safe use of natural gas by its customers.

## BUSINESS REVIEW

The Group is a natural gas operator in Gaomi City, Weifang Municipality of Shandong Province, the PRC. The Group has an exclusive right under its concession agreement with Gaomi City Bureau of Municipal Affairs Administration to operate PNG sales and related businesses within a specified operating area which represents approximately 70% of the total administrative area of Gaomi City (the “**Operating Area**”). The concession has an effective term of 30 years until August 2039.

During the Period, the Group primarily generated revenue from its sale of natural gas in Gaomi City. The sale of PNG is its principal business. As at the end of the Period, the Group's customers of its sale of PNG business included (a) retail customers which comprised 150,161 active residential PNG end-users, 385 active industrial PNG end-users and 5,407 active commercial PNG end-users, representing a change of approximately 3.5%, 4.3% and 8.8% from that as at 31 December 2023; and (b) two wholesale customers, one of which a natural gas refuelling station operator in Gaomi City and the other is a piped natural gas operator in Weifang City. The Group's sales volume of PNG was approximately 47.6 million m<sup>3</sup> for the Period, which remained stable as compared to 47.7 million m<sup>3</sup> for the corresponding period in 2023. As at the end of the Period, the Group's urban pipeline network was comprised of approximately 729.4 kilometres of completed mid-pressure pipelines.

The Group also engages in the sale of CNG and LNG at its CNG and LNG refuelling stations, the provision of construction and installation services, and the sale of gas-burning appliances.

The first half of 2024 was met with a sluggish economic environment in China generally, which continued to hamper the Group's business growth. The Group saw mixed results from its core business of the sale of PNG. While there was an increase in number of active PNG end-users, the total volume of PNG sales remained stable as compared to the first half of 2023. Demand for PNG from the Group's industrial PNG end-users continued to be weak, as a result of reduced industrial manufacturing and business activities by factories in Gaomi City. Consumption of PNG by commercial PNG end-users was stable as a whole. PNG sales to residential PNG end-users remained as the bedrock of the Group's business. There was especially strong demand for PNG from residential PNG end-users for heating and household needs during the winter months. As for construction and installation services, while the demand for installation of natural gas equipment remained stable from existing households, construction and installation work for new property developments continued to be affected by the weak real estate sector.

During the six months ended 30 June 2024, the Group's PNG procurement price and LNG procurement price were generally lower than those during the six months ended 30 June 2023, which was in line with the market price of natural gas as a whole.

## SEGMENTAL ANALYSIS

### 1. PNG Sales

The Group supplies PNG to retail customers comprising residential, industrial and commercial PNG end-users, as well as wholesale customers. During the Period, the total revenue of the Group generated from its PNG sales business was RMB167.5 million, representing a decrease of 4.1% from RMB174.6 million for the corresponding period in 2023. The Group's sales volume of PNG was approximately 47.6 million m<sup>3</sup>, which remained stable as compared to 47.7 million m<sup>3</sup> for the corresponding period in 2023.

***Sales to retail customers:*** Revenue generated from PNG sales to retail customers was RMB163.5 million for the Period, representing a decrease of 3.9% from RMB170.2 million for the corresponding period in 2023. During the Period, PNG sales to industrial PNG end-users accounted for the largest portion of the Group's total PNG sales. During the Period, PNG sales volume to the Group's industrial, residential and commercial PNG end-users was 25.0 million m<sup>3</sup>, 18.4 million m<sup>3</sup> and 2.8 million m<sup>3</sup>, respectively, accounting for approximately 54.1%, 39.8% and 6.1% of the Group's total PNG sales volume to retail customers. Comparatively, for the corresponding period in 2023, PNG sales volume to industrial, residential and commercial PNG end-users was 29.8 million m<sup>3</sup>, 14.1 million m<sup>3</sup> and 2.2 million m<sup>3</sup>, respectively, representing approximately 64.6%, 30.6% and 4.8% of the Group's total PNG sales volume to retail customers. The aforementioned decrease in revenue generated from the Group's PNG sales to retail customers was mainly due to a decrease in revenue from sales to the Group's industrial PNG end-users (from RMB123.7 million for the corresponding period in 2023 to RMB99.9 million for the Period) resulting from (i) lower PNG sales volume to the Group's PNG industrial end-users due to reduced industrial and business activities in Gaomi City as a whole. Most of the Group's industrial PNG end-users are factories engaged in textile, manufacturing and chemicals businesses, which were generally affected by the general economic slowdown globally and domestically; and (ii) lower average per unit price of PNG sold to our industrial and commercial PNG end-users, as a result of generally lower PNG selling price for non-residential usage that was set by the government, as compared to that in the corresponding period in 2023. Although there was an increase in revenue from sales to residential PNG end-users, it was not sufficient to make up for the overall decline due to industrial PNG end-users.

***Sales to our wholesale customers:*** Revenue generated from PNG sales to our wholesale customers were RMB4.0 million for the Period, representing a decrease of 9.1% from RMB4.4 million for the corresponding period in 2023. During the Period, PNG sales volume to our wholesale customers were 1.4 million m<sup>3</sup>, representing a decrease of 12.5% from 1.6 million m<sup>3</sup> for the corresponding period in 2023. The aforementioned decrease in revenue generated from the Group's PNG sales to our wholesale customers were mainly due to the decrease in the Group's PNG sales volume to our wholesale customers as a result of weak customer demand due to the general economic slowdown.

## **2. CNG and LNG Sales**

The Group supplies CNG and LNG to vehicle users at its CNG and LNG refuelling stations in Gaomi City. During the Period, revenue of the Group generated from its CNG and LNG sales business was RMB10.0 million, representing a decrease of 23.7% from RMB13.1 million for the corresponding period in 2023. Such decrease was primarily attributable to (i) the slowdown of industrial and economic activities in Gaomi City resulting in less vehicle use as a whole; and (ii) preference for using electric vehicles by some vehicle users.

## **3. Construction and Installation Services**

The Group provides construction and installation services to property developers, residential PNG end-users and non-residential PNG end-users. During the Period, revenue of the Group generated from its construction and installation services was RMB12.0 million, representing a decrease of 11.1% as compared to RMB13.5 million for the corresponding period in 2023. Such decrease was primarily attributable to the general downturn in the PRC real estate market which led to reduced completion and delivery of new property developments and construction projects.

## **4. Sale of Gas-burning Appliances**

The Group sells gas-burning appliances such as gas stoves, wall-hung gas boilers and water heaters, primarily to property owners and property occupiers. During the Period, revenue of the Group generated from its sale of gas-burning appliances was RMB4.1 million, representing an increase of 24.2% as compared to RMB3.3 million for the corresponding period in 2023. Such increase was primarily attributable to the gradual completion of clean energy projects in the second half of 2023, resulting in demand for and higher sales of gas-burning appliances in the first half of 2024.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the Period was RMB193.6 million, representing a slight decrease of 5.3% as compared to RMB204.5 million for the corresponding period in 2023. The decrease in revenue was mainly attributable to a decrease in revenue from the Group's sale of PNG, particularly in respect of sales to industrial PNG end-users as mentioned above.

### **Gross Profit**

The Group's gross profit for the Period was RMB28.1 million, representing a decrease of 9.4% as compared to RMB31.0 million for the corresponding period in 2023. The decrease in gross profit was mainly due to a decrease in revenue from the Group's sale of PNG and construction and installation services for the reasons described above. The Group's gross profit margin declined slightly to 14.5% for the Period from 15.2% for the corresponding period in 2023, primarily attributable to (i) decline in sale of PNG to industrial PNG end-users, which is a segment that typically has higher profit margin; (ii) strong PNG sales to residential PNG end-users, which is a segment that is subject to significantly lower gross profit margins, since the PNG selling price for residential usage is fixed by the government at a lower price as compared to the PNG selling price for non-residential usage; and (iii) the slowdown of the Group's construction and installation services segment, which is also a segment that typically has higher profit margin.

### **Other Income**

The Group's other income for the Period was RMB1.8 million, which remained stable as compared to RMB1.8 million for the corresponding period in 2023.

### **Finance Costs**

The Group's finance costs for the Period were RMB1.5 million, representing a significant increase of 200.0% as compared to RMB0.5 million for the corresponding period in 2023. This was primarily due to an increase in the Group's bank borrowings, especially certain loans drawn down in December 2023, resulting in an increase in interest expense that arose during the Period.

## **Income Tax Expense**

The Group's income tax expense for the Period was RMB5.6 million, representing a decrease of 23.3% as compared to RMB7.3 million for the corresponding period in 2023. Such decrease was primarily attributable to a decrease in the Group's profit before income tax. The effective tax rate for the Period was 26.6% (the effective tax rate for the corresponding period in 2023 was 27.4%).

## **Profit Attributable to Owners of the Company**

Profit attributable to owners of the Company for the Period was RMB15.2 million, representing a decrease of 18.7% as compared to RMB18.7 million for the corresponding period in 2023, which was mainly due to a decrease in the Group's revenue and the gross profit as mentioned above.

## **Trade and Other Receivables**

The Group's trade and other receivables was RMB76.9 million as at 30 June 2024, representing a decrease of 45.7% as compared to RMB141.7 million as at 31 December 2023, which was mainly due to the settlement of the other receivables due from a related party in relation to certain loans advanced to such related party.

## **Trade and Other Payables**

The Group's trade and other payables was RMB84.7 million as at 30 June 2024, representing an increase of 25.1% as compared to RMB67.7 million as at 31 December 2023, which was mainly due to the declaration and payment of final dividends of HK\$0.033 per ordinary share for the year ended 31 December 2023.



## **Liquidity and Financial Position**

The Group's current assets amounted to RMB315.1 million as at 30 June 2024, representing an increase of 4.2% as compared to RMB302.4 million as at 31 December 2023. As at 30 June 2024, the Group's cash and bank balances amounted to RMB225.9 million.

As at 30 June 2024, the current ratio (current assets/current liabilities) of the Group was 123.5% (128.0% as at 31 December 2023) and the debt ratio of the Group (total liabilities/total assets) was 47.6% (46.0% as at 31 December 2023). As at 30 June 2024, the Group had borrowings of RMB70.1 million. As at 30 June 2024, the Group had lease liabilities of RMB2.1 million, of which RMB0.2 million is analysed as current portion, and RMB1.9 million is analysed as non-current portion.

The gearing ratio of the Group was 24.1% as at 30 June 2024 (14.2% as at 31 December 2023). The ratio was calculated by dividing total debt (borrowings and lease liabilities) by total equity as at the end of the relevant year. As at 30 June 2024, the Group maintained a net cash position.

## **Exchange Rate Fluctuation Risk**

While Group's businesses are principally denominated in RMB, it has certain deposits denominated in Hong Kong dollars which expose it to exchange rate fluctuation risk. Currently, the Group does not have any hedging policy on foreign currency. The Group's management will closely monitor the exchange rate fluctuation risk and take appropriate measures such as hedging measures to control the exchange rate fluctuation risk when necessary.

## **Contingent Liabilities**

As at 30 June 2024, the Group had no material contingent liabilities.

## **Financial Guarantee Obligations**

As at 30 June 2024, the Group had no material financial guarantee obligations.

## **Pledge of Assets**

As at 30 June 2024, the Group had not pledged any assets.

## **Significant Investment**

During the Period, the Group did not hold any significant investment.

## **Material Acquisition and Disposal**

During the Period, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures.

## **Human Resources and Employee Compensation**

As at 30 June 2024, the Group employed a total of 137 employees in the PRC as compared to 104 as at 30 June 2023. During the Period, the total employee costs of the Group were RMB5.8 million. The Group manages its personnel actively, including but not limited to providing training on relevant policies and regulations, safety management and professional knowledge in order to improve management skills, strengthen employees' professional skills and enhance the competitiveness of the Group.

## **EVENTS AFTER THE PERIOD**

The Board was informed by LLJ Phoenix Limited (“**LLJ Phoenix**”), a substantial shareholder of the Company, that on 29 July 2024, LLJ Phoenix has entered into a share transfer agreement with Mr. Song Yujie (宋玉杰) (the “**Purchaser**”), pursuant to which LLJ Phoenix agreed to dispose of, and the Purchaser agreed to purchase from LLJ Phoenix 108,900,000 Shares (the “**Disposal**”). The Purchaser is an independent third party. The Disposal was conducted off-market at a consideration of HK\$0.70 per Share. Completion of the Disposal took place on 15 August 2024. Immediately after completion of the Disposal, the Purchaser holds an aggregate of 122,552,000 Shares, representing approximately 27.85% of the total issued Shares of the Company. Accordingly, the Purchaser has become a substantial shareholder of the Company, while LLJ Phoenix ceased to be a shareholder of the Company. For details of the Disposal, please refer to the announcements of the Company dated 29 July 2024 and 15 August 2024.

Save as disclosed above, there are no events causing material impact on the Group from the end of the Period to the date of this announcement.

## **MATERIAL LITIGATION**

The Company was not involved in any material litigation or arbitration during the Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Period and up to the date of this announcement.

## NET PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 16 November 2022, with a total of 110,000,000 Shares issued pursuant to the global offering of Shares (“**Global Offering**”). After deducting the underwriting fees and relevant expenses, net proceeds from the Global Offering (the “**Net Proceeds**”) amounted to approximately HK\$111.6 million (equivalent to RMB101.2 million). The following table sets out the intended use and actual use of the Net Proceeds as at 30 June 2024:

Designated use of Net Proceeds	% of Net Proceeds	Net Proceeds from the Global Offering			Expected to be utilised prior to the following date
		Allocated amount (RMB million)	Utilised (RMB million)	Unutilised (RMB million)	
Expanding the sale of PNG business through construction of new mid-pressure pipelines of approximately 101.0 km in the Operating Area	48.5%	49.1	19.6	29.5	By the end of 2025
Upgrading approximately 43.4 km of the urban pipeline network	20.5%	20.7	4.7	16.0	By the end of 2025
Replacing existing gas meters with Goldcard Meters for over 19,500 households in the Operating Area	6.9%	7.0	5.1	1.9	By the end of 2024
Construction of an aggregate of approximately 18.0 km PNG end-user pipelines that connect the urban pipeline network for implementing the Clean Energy Projects to serve over 5,500 households in the Operating Area	14.1%	14.3	10.9	3.4	By the end of 2024
Working capital and other general corporate purposes	10.0%	10.1	3.5	6.6	By the end of 2025

As at the date of this announcement, the unutilised Net Proceeds are deposited in an interest-bearing account opened with a licensed bank.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high corporate governance standards to safeguard the interests of its stakeholders. The Company has applied the principles in the Corporate Governance Code (“**CG Code**”) in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) by conducting its business by reference to the principles of the CG Code and emphasising such principles in the Company’s governance framework. To the best knowledge of the Directors, save as disclosed, the Company has complied with all applicable code provisions under the CG Code (as amended from time to time) during the Period.

As disclosed in the Company’s announcements dated 8 March 2024, 9 April 2024 and 12 July 2024 (“**Announcements**”), the Company failed to comply with certain requirements under Rule 13.13, Chapter 14 and Chapter 14A of the Listing Rules in relation to certain loans advanced to a connected person. Pursuant to code provision D.2.4 of the CG Code, the Board should oversee the Company’s risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the Company and its subsidiaries’ risk management and internal control systems. As disclosed in the Announcements, an internal control review was conducted by an internal control consultant to identify any deficiencies of the Company’s internal control policies for monitoring its continuing obligations under Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules and obligations to disclose inside information under Part XIVA of the Securities and Futures Ordinance (Cap. 571). Certain deficiencies relating to compliance processes management and funds management were identified during such review, and the internal control consultant provided recommendations of corresponding remedial measures. As at the date of this announcement, the Company has adopted and implemented all remedial measures recommended by the internal control consultant, and will continue to implement such measures to ensure the Company’s compliance with all applicable Listing Rules and requirements.

Pursuant to code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Company has not arranged any insurance cover in respect of any potential legal action against the Directors. Given the nature of the Company's business, the Directors believe that the likelihood of legal actions against the Directors is very slight, and the Company can still achieve adequate corporate governance through various management and monitoring mechanisms so as to reduce risk, including periodic reviews on the effectiveness of the Company's internal control system, clear division of duties and training for staff and management. The Board will review, on a regular basis, whether it is necessary to arrange insurance cover in respect of potential legal action against the Directors.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix C3 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code during the Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares, as defined under the Listing Rules) during the Period. As at 30 June 2024, the Company did not hold any treasury shares.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

The Company established the audit committee with written terms of reference in compliance with the Listing Rules and the CG Code (the “**Audit Committee**”). As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Ms. Liu Xiaoye, Mr. Wei Yi and Mr. Tian Qiang. The chairlady of the Audit Committee is Ms. Liu Xiaoye.

The Audit Committee has discussed with the management the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2024. The Audit Committee has agreed with the management of the Company on the interim result of the Group for the Period.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gmjytrq.com](http://www.gmjytrq.com)). The interim report for the six months ended 30 June 2024 (containing all information set forth in Appendix D2 to the Listing Rules) will be despatched to shareholders of the Company (if requested) and made available on the above websites in due course.

By order of the Board  
**JY GAS LIMITED**  
**Luan Linjiang**  
*Chairman of the Board*

Hong Kong, 29 August 2024

*As at the date of this announcement: (1) the chairman and executive Director is Mr. Luan Linjiang; (2) the executive Directors are Mr. Luan Xiaolong and Mr. Luan Linxin; and (3) the independent non-executive Directors are Ms. Liu Xiaoye, Mr. Wei Yi and Mr. Tian Qiang.*