

JY GAS LIMITED

交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1407



2024

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and executive Director

Mr. Luan Linjiang

Executive Directors

Mr. Luan Xiaolong

Mr. Luan Linxin

Independent non-executive Directors

Mr. Wei Yi

Mr. Tian Qiang

Ms. Liu Xiaoye

BOARD COMMITTEE

Audit Committee

Ms. Liu Xiaoye (Chairlady)

Mr. Tian Qiang

Mr. Wei Yi

Remuneration Committee

Mr. Tian Qiang (Chairman)

Mr. Wei Yi

Mr. Luan Xiaolong

Nomination Committee

Mr. Luan Linjiang (Chairman)

Mr. Tian Qiang

Ms. Liu Xiaoye

Risk Management Committee

Ms. Liu Xiaoye (Chairlady)

Mr. Luan Xiaolong

Mr. Wei Yi

ESG Committee

Mr. Luan Xiaolong (Chairman)

Mr. Luan Linjiang

Mr. Wei Yi

Mr. Tian Qiang

REGISTERED OFFICE IN THE CAYMAN ISLANDS

3-212 Governors Square

23 Lime Tree Bay Avenue

P.O. Box 30746

Seven Mile Beach

Grand Cayman, KY1-1203

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3/F, Jiaoyun Group Building

No. 2568 Shi'an Road

Gaomi City

Weifang Municipality

Shandong Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

46/F., Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

COMPANY'S WEBSITE

www.gmjytrq.com

JOINT COMPANY SECRETARIES

Mr. Zhang Yupeng
Ms. Ho Wing Nga *FCG HKFCG (PE)*

AUTHORIZED REPRESENTATIVES (UNDER THE LISTING RULES)

Mr. Luan Xiaolong
Ms. Ho Wing Nga

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

ICS Corporate Services (Cayman) Limited

3-212 Governors Square
23 Lime Tree Bay Avenue
P.O. Box 30746
Seven Mile Beach
Grand Cayman, KY1-1203
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation,
Gaomi Branch
BANK OF RIZHAO CO., LTD, Gaomi Branch
Shandong Gaomi Rural Commercial
Bank Co., Ltd., Business Department

LEGAL ADVISORS TO OUR COMPANY

As to Hong Kong law:

Hogan Lovells

As to Cayman Islands law:

Conyers Dill & Pearman

COMPLIANCE ADVISOR

China Industrial Securities International Capital Limited

AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and
Registered Public Interest Entity Auditor*

STOCK CODE

1407

DATE OF LISTING

16 November 2022

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 is 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 m³ for the Period, which remained stable as compared to 47.7 million m³ 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 m³, which remained stable as compared to 47.7 million m³ 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 m³, 18.4 million m³ and 2.8 million m³, 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 m³, 14.1 million m³ and 2.2 million m³, 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 m³, representing a decrease of 12.5% from 1.6 million m³ 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.

SEGMENTAL ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

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.

FINANCIAL REVIEW (CONTINUED)

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.

Charge of Assets

As at 30 June 2024, the Group had no charge on assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

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.

Future Plans for Material Investments or Acquisition of Capital Assets

As at 30 June 2024, the Group did not have detailed future plans for material investments or capital assets.

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.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group's cash requirements for the Group's strategy or direction from time to time can be met.

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 (宋玉傑) (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 report.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 report.

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	Allocated amount (RMB million)	Net Proceeds from the Global Offering		Expected to be utilised prior to the following date
			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 report, the unutilised Net Proceeds are deposited in an interest-bearing account opened with a licensed bank.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 report, 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.

CHANGES IN THE INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE AND SENIOR MANAGEMENT OF THE COMPANY

There has been no disclosable change in information of the Directors and chief executive of the Company pursuant to Rule 13.51B (1) of the Listing Rules since the publication of the 2023 annual report of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures (the "**Debentures**") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code in Appendix C1 to the Listing Rules were as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital ⁽¹⁾
Mr. Luan Xiaolong	Interest in a controlled corporation ⁽³⁾	217,800,000 (L) ⁽²⁾	49.50%
Mr. Luan Linjiang	Interest in a controlled corporation ⁽⁴⁾	108,900,000 (L) ⁽²⁾	24.75%

Notes:

- The approximate percentage of the interest in the Company's issued share capital is based on a total of 440,000,000 Shares of the Company in issue as at 30 June 2024.
- The letter "L" denotes the person's long position in the shares.
- SEGM Holding Limited ("**SEGM Holding**") is wholly-owned by SDJY Holding Limited ("**SDJY Holding**"), which is in turn wholly-owned by Mr. Luan Xiaolong. Therefore, by virtue of the SFO, both SDJY Holding and Mr. Luan Xiaolong are deemed to be interested in 33,000,000 Shares held by SEGM Holding. LXL Phoenix Limited ("**LXL Phoenix**") is wholly-owned by Mr. Luan Xiaolong. Under the SFO, Mr. Luan Xiaolong is deemed to be interested in 184,800,000 Shares held by LXL Phoenix. Mr Luan Xiaolong is deemed, or taken to be interested, in all the Shares held by LXL Phoenix and SEGM Holding (through SDJY Holding) for the purpose of the SFO.
- LLJ Phoenix Limited ("**LLJ Phoenix**") is wholly-owned by Mr. Luan Linjiang. Under the SFO, Mr. Luan Linjiang is deemed to be interested in 108,900,000 Shares held by LLJ Phoenix. Mr Luan Linjiang is deemed, or taken to be interested, in all the Shares held by LLJ Phoenix for the purpose of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company or their associates had any interests or short positions in any Shares, underlying Shares and Debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

On 15 August 2024, LLJ Phoenix ceased to hold any Shares of the Company. For details, please refer to “Management Discussion and Analysis - Events after the Period” in this report and the announcements of the Company dated 29 July 2024 and 15 August 2024.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executive of the Company, as at 30 June 2024, other than the interests and short positions of the Directors or chief executive of the Company as disclosed in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares or Debentures” above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares

Name of Director or chief executive	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company’s issued share capital ⁽⁷⁾
Mr. Luan Xiaolong ^{(1), (2), (3)}	Interest in a controlled corporation	217,800,000 (L) ⁽⁸⁾	49.50%
LXL Phoenix ⁽²⁾	Beneficial owner	184,800,000 (L) ⁽⁸⁾	42.00%
SDJY Holding ⁽³⁾	Interest in a controlled corporation	33,000,000 (L) ⁽⁸⁾	7.50%
SEGM Holding ⁽³⁾	Beneficial owner	33,000,000 (L) ⁽⁸⁾	7.50%
Zhou Zhan (“ Ms. Zhou ”) ⁽⁴⁾	Interest of spouse	217,800,000 (L) ⁽⁸⁾	49.50%
Mr. Luan Linjiang ^{(1), (5), (6)}	Interest in a controlled corporation	108,900,000 (L) ⁽⁸⁾	24.75%
LLJ Phoenix ⁽⁵⁾	Beneficial owner	108,900,000 (L) ⁽⁸⁾	24.75%
Cui Shuhua (“ Ms. Cui ”) ⁽⁶⁾	Interest of spouse	108,900,000 (L) ⁽⁸⁾	24.75%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

1. Mr. Luan Xiaolong is the son of Mr. Luan Linjiang.
2. LXL Phoenix is wholly-owned by Mr. Luan Xiaolong. Therefore, LXL Phoenix is a controlled corporation of Mr. Luan Xiaolong and Mr. Luan Xiaolong is deemed to be interested in the same number of Shares that LXL Phoenix is interested in under the SFO.
3. SEGM Holding is wholly-owned by SDJY Holding, which is in turn wholly-owned by Mr. Luan Xiaolong. Therefore, by virtue of the SFO, both SDJY Holding and Mr. Luan Xiaolong are deemed to be interested in the same number of Shares held by SEGM Holding.
4. Ms. Zhou is the spouse of Mr. Luan Xiaolong. Under the SFO, Ms. Zhou is deemed to be interested in the same number of Shares in which Mr. Luan Xiaolong is interested.
5. LLJ Phoenix is wholly-owned by Mr. Luan Linjiang. Therefore, LLJ Phoenix is a controlled corporation of Mr. Luan Linjiang and Mr. Luan Linjiang is deemed to be interested in the same number of Shares that LLJ Phoenix is interested in under the SFO.
6. Ms. Cui is the spouse of Mr. Luan Linjiang. Under the SFO, Ms. Cui is deemed to be interested in the same number of Shares in which Mr. Luan Linjiang is interested.
7. The approximate percentage of the interest in the Company's issued share capital is based on a total of 440,000,000 Shares of the Company in issue as at 30 June 2024.
8. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any entities/persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

On 15 August 2024, the Purchaser became a substantial shareholder of the Company, and LLJ Phoenix ceased to hold any Shares of the Company. For details, please refer to "Management Discussion and Analysis - Events after the Period" in this report and the announcements of the Company dated 29 July 2024 and 15 August 2024.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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 report, 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 results 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	6(a)	193,629	204,539
Cost of sales	9	(165,555)	(173,516)
Gross profit		28,074	31,023
Administrative expenses	9	(10,236)	(9,254)
Reversal of net impairment losses on financial assets		247	58
Other income	7	1,789	1,789
Other gains/(losses), net	8	1,489	2,313
Operating profit		21,363	25,929
Finance income	10	1,321	1,047
Finance costs	10	(1,472)	(475)
Finance income and costs, net	10	(151)	572
Profit before income tax		21,212	26,501
Income tax expense	11	(5,639)	(7,257)
Profit and total comprehensive income for the period		15,573	19,244
Profit and total comprehensive income attributable to:			
Owners of the Company		15,248	18,723
Non-controlling interests		325	521
		15,573	19,244
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB per share)	12	0.03	0.04

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2024

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	147,459	141,247
Right-of-use assets	14	9,889	10,058
Investment properties	15	68,700	69,000
Intangible assets		5,545	5,727
Trade receivables	18	18,756	15,280
Other non-current assets	17	5,756	5,528
		256,105	246,840
Current assets			
Inventories	20	11,974	10,447
Contract assets	6(b)	1,820	2,351
Trade and other receivables	18	58,145	126,427
Financial assets at fair value through profit or loss	5.2	10,327	9,445
Prepayments and other current assets	19	6,871	26,230
Cash and bank balances		225,936	127,547
		315,073	302,447
Total assets		571,178	549,287

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2024

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Equity			
Share capital	21	310	310
Share premium and reserves	22	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
Total equity		299,117	296,770
Liabilities			
Non-current liabilities			
Lease liabilities	25	1,855	1,893
Trade payables	23	7,023	6,576
Deferred income tax liabilities	26	8,030	7,785
		16,908	16,254
Current liabilities			
Trade and other payables	23	77,718	61,115
Contract liabilities	6(b)	103,352	132,814
Current income tax liabilities		3,813	2,096
Borrowings	24	70,076	40,045
Lease liabilities	25	194	193
		255,153	236,263
Total liabilities		272,061	252,517
Total equity and liabilities		571,178	549,287

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim condensed financial information from pages 16 to 52 was approved and authorised by the Board of Directors on 29 August 2024 and was signed on its behalf by:

Luan Linjiang

Chairman and executive director

Luan Xiaolong

Executive director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited						Total equity RMB'000
		Attributable to owners of the Company					Non-controlling interests RMB'000	
		Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 31 December 2023		310	256,598	(82,515)	106,618	281,011	15,759	296,770
Comprehensive income								
Profit for the period		—	—	—	15,248	15,248	325	15,573
Total comprehensive income		—	—	—	15,248	15,248	325	15,573
Transactions with owners in their capacity as owners								
Appropriation to safety fund		—	—	2,196	(2,196)	—	—	—
Utilisation of safety fund		—	—	(1,813)	1,813	—	—	—
Dividends declared	27	—	—	—	(13,226)	(13,226)	—	(13,226)
Total transactions with owners in their capacity as owners		—	—	383	(13,609)	(13,226)	—	(13,226)
Balance at 30 June 2024		310	256,598	(82,132)	108,257	283,033	16,084	299,117

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited						
	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Sub-total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 31 December 2022	310	256,598	(85,864)	103,080	274,124	15,078	289,202
Comprehensive income							
Profit for the period	—	—	—	18,723	18,723	521	19,244
Total comprehensive income	—	—	—	18,723	18,723	521	19,244
Transactions with owners in their capacity as owners							
Appropriation to safety fund	—	—	2,361	(2,361)	—	—	—
Utilisation of safety fund	—	—	(2,625)	2,625	—	—	—
Appropriation to statutory reserve	—	—	1,598	(1,598)	—	—	—
Dividends declared	—	—	—	(17,651)	(17,651)	—	(17,651)
Total transactions with owners in their capacity as owners	—	—	1,334	(18,985)	(17,651)	—	(17,651)
Balance at 30 June 2023	310	256,598	(84,530)	102,818	275,196	15,599	290,795

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited	
	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Cash generated from operations	16,893	21,427
Interest received	156	673
Income tax paid	(3,679)	(6,536)
Net cash inflow from operating activities	13,370	15,564
Cash flows from investing activities		
Payments for property, plant and equipment	(13,247)	(3,940)
Payments for intangible assets	—	(408)
Payments for financial assets at fair value through profit or loss	—	(20,899)
Proceeds from disposal of financial assets at fair value through profit or loss	51	12,020
Repayments of loan and interest from a related party	69,215	—
Proceeds from disposal of property, plant and equipment	—	8
Net cash inflow/(outflow) from investing activities	56,019	(13,219)
Cash flows from financing activities		
Proceeds from borrowings	30,000	—
Repayments of borrowings	—	(18,000)
Withdrawal of bank deposits restricted for borrowings	—	336
Interest paid	(1,374)	(400)
Payments for listing expenses	—	(2,720)
Net cash inflow/(outflow) from financing activities	28,626	(20,784)
Net increase/(decrease) in cash and cash equivalents	98,015	(18,439)
Cash and cash equivalents at beginning of the period	112,211	157,687
Effects of exchange rate changes on cash and cash equivalents	560	3,015
Cash and cash equivalents at end of the period	210,786	142,263

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM 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 have been listed on the Main Board of 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 is 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 condensed consolidated 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.

	New standards, amendments and interpretations	Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 Critical accounting estimates and judgements

The preparation of the interim condensed consolidated 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 on a year to date basis. Actual results may differ from these estimates.

In preparing this interim condensed consolidated 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, except for the adoption of new and amended standards as set out above.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed by the Group's financial management policies and practices.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

There have been no changes in the risk management or any risk management policies since the year end.

5 Financial risk management (continued)

5.2 Fair value estimation

(a) Financial assets and liabilities

As certain of significant inputs used in the determination of fair value of financial assets at fair value through profit or loss are arrived at by reference to quoted market prices at the end of the reporting period. The fair value of financial assets at fair value through profit or loss of the Group are included in level 1 of the fair value measurement hierarchy as follows.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements At 30 June 2024 (unaudited) Financial assets at fair value through profit or loss (FVPL) – Hong Kong listed equity securities	10,327	—	—	10,327

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements At 31 December 2023 Financial assets at fair value through profit or loss (FVPL) – Hong Kong listed equity securities	9,394	—	—	9,394
– Others	—	—	51	51
	9,394	—	51	9,445

The carrying amount of the Group's other financial assets and liabilities, including cash and cash equivalents, restricted bank deposits, trade and other receivables, and trade and other payables and borrowings approximate their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5 Financial risk management (continued)

5.2 Fair value estimation (continued)

(b) Non-Financial assets and liabilities

As certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of investment properties of the Group are included in level 3 of the fair value measurement hierarchy as follows.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2024 (unaudited)				
– Investment properties	—	—	68,700	68,700
As at 31 December 2023				
– Investment properties	—	—	69,000	69,000

(c) Fair value measurements using significant unobservable inputs (level 3)

The movements in the level 3 investments properties during the six months ended 30 June 2024 and 2023 are presented in Note 15. The movements in the level 3 other unlisted investment during the six months ended 30 June 2024 are as follows:

	Debt instruments RMB'000
Opening balance 31 December 2023	51
Acquisitions	—
Disposals	(51)
Gains recognised in other income	—*
Closing balance 30 June 2024 (unaudited)	—

* The amount is less than RMB1,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5 Financial risk management (continued)

5.2 Fair value estimation (continued)

(d) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Fair value As at 30 June		Significant unobservable inputs	Range of inputs As at 30 June		Relationship of unobservable inputs to fair value
	2024 RMB'000	2023 RMB'000		2024	2023	
Investment properties	68,700	69,600	Supplementary land price (RMB)	177/m ²	170/m ²	The higher supplementary land price, the lower fair value
			Adjustments ratio for difference in – location	30%-38%	35%	The lower adjustments factor, the higher fair value
			– floor	80%- 100%	80%- 100%	The higher adjustments factor, the higher fair value
			– price after adjustments for valuation date (RMB)	6,559/m ²	6,866/m ²	The lower adjustments factor, the lower fair value

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6 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.

(a) Revenue from external customers

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue recognised at a point in time:		
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
	181,640	191,018
Revenue recognised over time:		
Revenue from construction and installation services	11,989	13,521
Total	193,629	204,539

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/m³ to RMB4.2/m³ with effect from 1 April 2024. As of the date of this report, the Group has not yet received the final price notice from the Development and Reform Bureau of Gaomi City.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6 Revenue and segment information (continued)

(b) Contract assets and Contract liabilities

The Group has recognised the following assets and liabilities related to contract with customers:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<i>Contract assets</i>		
Construction and installation services	1,820	2,351
<i>Contract liabilities</i>		
PNG sales	95,198	120,895
Construction and installation services	6,423	10,227
CNG and LNG sales	1,584	1,545
Sales of gas-burning appliance	147	147
	103,352	132,814

Contract liabilities of the Group mainly represent the payments received in advance from customers while the underlying goods or services are yet to be delivered by the Group.

Revenue recognised that was included in the contract liabilities balance at the beginning of the period:

	Unaudited As at 30 June	
	2024 RMB'000	2023 RMB'000
PNG sales	76,803	60,214
Construction and installation services	10,227	5,346
CNG and LNG sales	1,545	1,634
Sales of gas-burning appliance	147	664
	88,722	67,858

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7 Other income

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Rental income from a related party (Note 28(e)(i))	1,789	1,789

8 Other gains/(losses), net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Foreign exchange gains	601	3,275
Fair value loss on investment properties (Note 15)	(300)	(300)
Fair value gain/(loss) on financial assets	865	(535)
Others	323	(127)
	1,489	2,313

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

9 Expenses by nature

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

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Cost of natural gas (Note 20)	147,528	154,360
Materials used in construction and installation services (Note 20)	4,498	6,183
Cost of gas-burning appliance sold (Note 20)	2,545	1,662
Employee benefit expenses	5,813	4,438
Depreciation and amortisation		
– Property, plant and equipment (Note 13)	5,678	5,302
– Right-of-use assets (Note 14)	169	322
– Intangible assets	183	159
Taxes and surcharges	470	618
Repairs and maintenance costs	2,382	2,726
Utility costs	428	625
Vehicle costs	365	186
Outsourced construction labour cost	2,011	1,486
Other expenses	3,721	4,703
Total cost of sales and administrative expenses	175,791	182,770

10 Finance income and costs, net

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income:		
– Bank deposits	306	673
– Loans to a related party (Note 28(f))	737	—
– Financing components recognised	278	374
Total finance income	1,321	1,047
Interest expense:		
– Bank borrowings	(1,406)	(400)
– Interest expense of lease liabilities (Note 25(b))	(66)	(75)
Total finance costs	(1,472)	(475)
Finance income and costs, net	(151)	572

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11 Income tax expense

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current income tax:		
– PRC enterprise income tax	5,394	6,125
– Deferred income tax (Note 26)	245	1,132
	5,639	7,257

12 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.

	Unaudited 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
Basic earnings per share (expressed in RMB per share)	0.03	0.04

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13 Property, plant and equipment

	Buildings RMB'000	Gas pipelines RMB'000	Machinery and equipment RMB'000	Motor vehicles, furnitures and fittings RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2024						
Cost	18,099	170,363	28,325	5,822	6,072	228,681
Accumulated depreciation	(8,795)	(53,340)	(22,104)	(3,195)	—	(87,434)
Net book amount	9,304	117,023	6,221	2,627	6,072	141,247
Six months ended 30 June 2024 (unaudited)						
Opening net book amount	9,304	117,023	6,221	2,627	6,072	141,247
Additions	—	—	629	195	11,066	11,890
Transfers	—	8,787	—	—	(8,787)	—
Depreciation charges	(328)	(4,203)	(865)	(282)	—	(5,678)
Closing net book amount	8,976	121,607	5,985	2,540	8,351	147,459
As at 30 June 2024 (unaudited)						
Cost	18,099	179,150	28,954	6,017	8,351	240,571
Accumulated depreciation	(9,123)	(57,543)	(22,969)	(3,477)	—	(93,112)
Net book amount	8,976	121,607	5,985	2,540	8,351	147,459
As at 1 January 2023						
Cost	18,099	162,341	27,804	3,966	64	212,274
Accumulated depreciation	(8,102)	(45,323)	(20,425)	(2,883)	—	(76,733)
Net book amount	9,997	117,018	7,379	1,083	64	135,541
Six months ended 30 June 2023 (unaudited)						
Opening net book amount	9,997	117,018	7,379	1,083	64	135,541
Additions	—	—	46	1,396	2,753	4,195
Transfers	—	2,753	—	—	(2,753)	—
Disposals	—	—	—	(9)	—	(9)
Depreciation charges*	(347)	(3,650)	(1,145)	(179)	—	(5,321)
Closing net book amount	9,650	116,121	6,280	2,291	64	134,406
As at 30 June 2023 (unaudited)						
Cost	18,099	165,094	27,850	5,277	64	216,384
Accumulated depreciation	(8,449)	(48,973)	(21,570)	(2,986)	—	(81,978)
Net book amount	9,650	116,121	6,280	2,291	64	134,406

* During the six months ended 30 June 2023, the depreciation charged to profit or loss and capitalised as construction in progress were RMB5,302,000 and RMB19,000 respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14 Right-of-use assets

	Land use rights <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2024 (unaudited)			
Opening net book amount	8,464	1,594	10,058
Amortisation charges	(112)	(57)	(169)
Closing net book amount	8,352	1,537	9,889
Six months ended 30 June 2023 (unaudited)			
Opening net book amount	8,688	2,019	10,707
Amortisation charges	(109)	(213)	(322)
Closing net book amount	8,579	1,806	10,385

15 Investment properties

	Unaudited Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Opening balance at beginning of the period	69,000	69,900
Loss from fair value adjustment	(300)	(300)
Closing balance at end of the period	68,700	69,600

During the six months ended 30 June 2024 and 2023, rental income arising from leasing of investment properties and other gains from the fair value changes of the investment properties are as follows:

	Unaudited Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Rental income (Notes 7 and 28(e)(i))	1,789	1,789
Fair value losses recognised for the period (Note 8)	(300)	(300)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16 Financial instruments by category

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Financial assets at amortised cost		
Trade and other receivables (Note 18)	76,901	141,707
Cash and bank balances	225,936	127,547
	302,837	269,254
Fair value through profit or loss		
Financial assets at fair value through profit or loss (Note 5.2)	10,327	9,445
Financial liabilities at amortised cost		
Borrowings (Note 24)	70,076	40,045
Trade and other payables (excluding salaries and staff welfare payable and tax payable)	73,382	53,574
Lease liabilities (Note 25)	2,049	2,086
	145,507	95,705

17 Other non-current assets

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Prepayments for		
– Land use rights	4,188	4,188
– Gas pipelines maintenance services	668	904
– Service charges	900	436
	5,756	5,528

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

18 Trade and other receivables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Non-current		
Trade receivables		
– Third parties	19,850	16,186
Less: provision for impairment of trade receivables	(1,094)	(906)
	18,756	15,280
Current		
Trade receivables		
– Related parties (Note 28(h))	3,921	3,879
– Third parties	51,257	53,366
Less: provision for impairment of trade receivables	(2,588)	(2,632)
Trade receivables - net	52,590	54,613
Other receivables		
– Related parties (Note 28(h))	4,550	71,078
– Third parties	26,429	26,522
	30,979	97,600
Less: provision for impairment of other receivables	(25,424)	(25,786)
Other receivables - net	5,555	71,814
	58,145	126,427
Total trade and other receivables, net	76,901	141,707

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

18 Trade and other receivables (continued)

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

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
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
	75,028	73,431

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.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables.

As at 30 June 2024 and 31 December 2023, trade receivables of the clean energy projects which with local governments in the Gaomi City for the sales of certain gas-burning appliance and the provision of certain construction and installation services amounted to RMB67,931,000 and RMB65,026,000 respectively. The portion which are not expected to be recovered by the Group within the next twelve months from the balance sheet date has been classified as non-current trade receivables.

- (b) Except the loan balance due from Gaomi Jiaoyun Property Co., Ltd.* (高密市交運置業有限公司) (“Jiaoyun Property”) described in Note 28(f), other receivables are unsecured, interest free and repayable on demand.
- (c) The carrying amounts of trade and other receivables are all denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

18 Trade and other receivables (continued)

(d) Movements in allowance for impairment of trade receivables are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At beginning of the period	3,538	1,161
Provision	313	—
Reversal	(169)	(58)
At the end of the period	3,682	1,103

The carrying amounts of trade receivables approximate their fair values.

(e) Movements of provision for impairment of other receivables are as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At beginning of the period	25,786	25,404
Provision	—	—
Reversal	(362)	—
At the end of the period	25,424	25,404

The carrying amounts of other receivables approximate their fair values.

19 Prepayments and other current assets

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
	Prepayments for:	
– Natural gas and other construction materials	4,883	26,041
– Others	1,675	189
Value-added tax recoverable	313	—
	6,871	26,230

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20 Inventories

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Natural gas related security inspection materials and other construction materials	9,927	7,750
Gas-burning appliance	2,047	2,697
	11,974	10,447

The inventories recognised as expenses and included in cost of sales are analysed as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Natural gas	147,528	154,360
Construction materials	4,498	6,183
Gas-burning appliance	2,545	1,662
	154,571	162,205

21 Share capital

	The Company	
	Number of shares	Nominal value USD
Authorised		
2,000,000,000 ordinary shares of USD0.0001 each as at 31 December 2023	2,000,000,000	200,000
2,000,000,000 ordinary shares of USD0.0001 each as at 30 June 2024	2,000,000,000	200,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21 Share capital (continued)

	The Company		
	Number of shares	Nominal value USD	Share capital RMB'000
Issued:			
As at 31 December 2023 and 30 June 2024*	440,000,000	44,000	310

* As stated in the section "EVENTS AFTER THE PERIOD" of this interim report, LLJ Phoenix disposed all of its shares of the Company to Mr. Song Yujie (宋玉傑). Immediately after completion of the Disposal on 15 August 2024, Mr. Song Yujie (宋玉傑) holds an aggregate of approximately 27.85% of the total issued shares of the Company.

22 Share premium and reserves

	Share premium RMB'000	Reserves			Sub-total RMB'000	Total RMB'000
		Statutory reserve RMB'000	Safety fund RMB'000	Other reserves RMB'000		
Balance at 1 January 2024	256,598	22,354	12,265	(117,134)	(82,515)	174,083
Safety fund						
– appropriation	—	—	2,196	—	2,196	2,196
– utilisation	—	—	(1,813)	—	(1,813)	(1,813)
Balance at 30 June 2024 (unaudited)	256,598	22,354	12,648	(117,134)	(82,132)	174,466
Balance at 1 January 2023	256,598	19,664	11,606	(117,134)	(85,864)	170,734
Profit appropriation to statutory reserves	—	1,598	—	—	1,598	1,598
Safety fund						
– appropriation	—	—	2,361	—	2,361	2,361
– utilisation	—	—	(2,625)	—	(2,625)	(2,625)
Balance at 30 June 2023 (unaudited)	256,598	21,262	11,342	(117,134)	(84,530)	172,068

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

23 Trade and other payables

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

23 Trade and other payables (continued)

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

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

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.

- (b) The carrying amounts of trade and other payables are all denominated in RMB.
(c) The carrying amounts of trade and other payables approximate their fair values.

24 Borrowings

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

As at 30 June 2024, bank borrowings of RMB70,000,000 were guaranteed by certain related parties (Note 28 (d)) (31 December 2023: RMB40,000,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

25 Leases

(a) Amounts recognised in balance sheets in connection with leases

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Right-of-use assets (Note 14)		
– Land use rights	8,352	8,464
– Leased properties	1,537	1,594
	9,889	10,058
Lease liabilities		
– Current	194	193
– Non-current	1,855	1,893
	2,049	2,086

(b) Amounts recognised in profit or loss in connection with leases

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Depreciation charge (Note 14)		
– Leased properties	57	213
– Land use rights	112	109
	169	322
Interest expenses (Note 10)	66	75

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

25 Leases (continued)

(c) A maturity analysis of lease liabilities is shown in the table below:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Leases are payable:		
Within 1 year	207	205
Between 1 and 2 years	211	209
Between 2 and 5 years	659	652
Over 5 years	2,092	2,205
Minimum lease payments	3,169	3,271
Future finance charges	(1,120)	(1,185)
	2,049	2,086

26 Deferred income tax

The analysis of deferred income tax assets/(liabilities) is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Deferred income tax assets:		
– be recovered within 12 months	18	99
– to be recovered more than 12 months	8,017	8,028
	8,035	8,127
Set-off of deferred income tax liabilities pursuant to set-off provisions	(8,035)	(8,127)
	—	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

26 Deferred income tax (continued)

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Deferred income tax liabilities:		
– be settled within 12 months	(28)	(106)
– to be settled more than 12 months	(16,037)	(15,806)
	(16,065)	(15,912)
Set-off of deferred income tax assets pursuant to set-off provisions	8,035	8,127
	(8,030)	(7,785)

The movement of deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of the balances within the same tax jurisdiction, is as following:

The gross movement on the deferred income tax assets account is as follows:

	Impairment loss on financial assets RMB'000	Leased liabilities RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	7,362	521	244	8,127
Debited to profit or loss	(61)	(9)	(22)	(92)
As at 30 June 2024 (unaudited)	7,301	512	222	8,035
As at 1 January 2023	6,641	620	1,229	8,490
Debited to profit or loss	(15)	(49)	(954)	(1,018)
As at 30 June 2023 (unaudited)	6,626	571	275	7,472

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

26 Deferred income tax (continued)

The gross movement on the deferred income tax liabilities account is as follows:

	Investment properties RMB'000	Right-of- use assets RMB'000	Total RMB'000
As at 1 January 2024	(15,513)	(399)	(15,912)
(Debited)/credited to profit or loss	(167)	14	(153)
As at 30 June 2024 (unaudited)	(15,680)	(385)	(16,065)
As at 1 January 2023	(15,253)	(505)	(15,758)
(Debited)/credited to profit or loss	(167)	53	(114)
As at 30 June 2023 (unaudited)	(15,420)	(452)	(15,872)

27 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).

28 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are under common control or joint control in the shareholder' families. Members of key management and their close family member of the Group are also considered as related parties.

The following is a summary of the significant transactions took place between the Group and its related parties at terms as mutually agreed among the parties concerned during the six months ended 30 June 2024 and 2023.

28 Related party transactions (continued)

(a) Names and relationships with related parties

The following companies and individuals are significant related parties of the Group that had significant transactions and/or balances with the Group during the six months ended 30 June 2024 and 2023.

Names of the major related parties	Nature of relationship
Mr. Luan Xiaolong	Director and one of the ultimate beneficial owners of the Company
Mr. Luan Linjiang	Director and one of the ultimate beneficial owners of the Company, the father of Mr. Luan Xiaolong
Ms. Cui Shuhua	The spouse of Mr. Luan Linjiang
Ms. Zhou Zhan	The spouse of Mr. Luan Xiaolong
Gaomi Jiaoyun Market Co., Ltd. (高密市交通運輸有限公司) (“ Jiaoyun Market ”)	Controlled by Mr. Luan Linjiang
Jiaoyun Property	Indirectly controlled by Mr. Luan Xiaolong
Gaomi Guorui Real Estate Co., Ltd. (高密國瑞置業有限公司) (“ Guorui Real Estate ”)	Indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Construction Machinery Co., Ltd. (高密交通運輸工程機械有限公司) (“ Jiaoyun Construction Machinery ”)	Indirectly controlled by Mr. Luan Linjiang
Gaomi Yuanhua Trading Co., Ltd. (高密市遠華貿易有限公司) (“ Yuanhua Trading ”)	Indirectly controlled by Mr. Luan Xiaolong
Shandong Shihua Natural Gas Co., Ltd. (山東實華天然氣有限公司) (“ Shandong Shihua ”)	Minority shareholder of Jiaoyun Shihua
Shandong Gaomi Traffic Car Transport Co., Ltd. (山東高密市交通運輸汽車運輸有限公司) (“ Jiaoyun Car Transport ”)	Indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Taxi Co., Ltd. (高密市交通運輸出租車有限公司) (“ Jiaoyun Taxi ”)	A subsidiary of Jiaoyun Car Transport and indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Thermal Co., Ltd. (高密市交通運輸熱力有限公司) (“ Jiaoyun Thermal ”)	Controlled by Mr. Luan Xiaolong

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

28 Related party transactions (continued)

(b) Purchases of goods and services

(i) Purchases of goods

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Shandong Shihua	85,544	88,778

(ii) Purchases of subcontract services

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Jiaoyun Property	472	1,517

(iii) Purchases of other services

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Jiaoyun Property	1,882	1,533

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

28 Related party transactions (continued)

(c) Provision of construction and installation services and sales of goods

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Jiaoyun Property	221	293
Guorui Real Estate	48	1,634
Jiaoyun Taxi	—	15
	269	1,942

(d) Guarantees provided by related parties for borrowings

As at 30 June 2024, bank borrowings of RMB50,000,000 were guaranteed by Jiaoyun Thermal, Jiaoyun Property, Mr. Luan Linjiang, Mr. Luan Xiaolong, Mr. Luan Linxin, Ms. Cui Shuhua and Ms. Zhou Zhan, bank borrowings of RMB10,000,000 were guaranteed by Mr. Luan Xiaolong and Ms. Zhou Zhan, and bank borrowings of RMB10,000,000 were guaranteed by Mr. Luan Xiaolong (Note 24).

(e) Property leasing

(i) Rental income

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Jiaoyun Market	1,789	1,789

(ii) Rental expenses

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Mr. Luan Linjiang	213	153
Jiaoyun Car Transport	89	97
	302	250

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

28 Related party transactions (continued)

(f) Loans to a related party

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
At beginning of the year	68,478	—
Loans advanced	—	178,000
Repayments during the period	(69,215)	(110,000)
Interest charged	737	478
	—	68,478
Loss allowance	—	(363)
At end of the year	—	68,115

From September to November 2023 and December 2023, the Group provided a series of short-term loans to Jiaoyun Property with a fixed interest rate of 6% per annum. On 5 March 2024, the loan balance and the related interest receivable were fully repaid.

(g) Expenses of seconded employees

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Shandong Shihua	120	120

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

28 Related party transactions (continued)

(h) Period-end/Year-end balances between related parties

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Receivables from related parties		
Trade receivables		
– Jiaoyun Property	2,489	2,486
– Jiaoyun Taxi	903	903
– Guorui Real Estate	529	490
	3,921	3,879
Other receivables		
– Jiaoyun Property	—	68,478
– Jiaoyun Market	4,550	2,600
	4,550	71,078
Prepayments		
– Shandong Shihua	241	19,214

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

28 Related party transactions (continued)

(h) Period-end/Year-end balances between related parties (continued)

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Payables to related parties		
Trade payables		
– Jiaoyun Property	2,083	31
– Shandong Shihua	1,128	—
– Yuanhua Trading	594	594
– Jiaoyun Construction Machinery	39	39
	3,844	664
Other payables		
– Mr. Luan Linjiang	515	549
– Jiaoyun Car Transport	498	418
– Jiaoyun Property	433	443
	1,446	1,410

All the trade and other payable balances with related parties are trade in nature.

(i) Key management compensation

Key management includes directors and respective department heads. The compensation paid or payable to key management for employee services is shown below:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries and other short-term employee benefits		
– Directors	140	79
– Other key management	183	186
	323	265