

# JY GAS LIMITED

## 交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1407



# 2023

# 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

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

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. 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.

The government’s support to the natural gas industry also comes in the form of improvement of infrastructure and facilities for natural gas supply. For example, the Shandong Five Year Plan encourages the development of coastal LNG receiving stations and a natural gas pipeline network which is expected to extend to Gaomi City. 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 has set out the government’s intention to improve the natural gas transmission and distribution pipeline network, and increase transmission and distribution capacity within the area, whereby the government will accelerate the construction of natural gas pipeline connection lines from Pingdu City to Gaomi City, Zhangqiu City to Qingzhou City, and various urban natural gas ring networks based on projects such as the east trunk line and north trunk line of the Shandong natural gas pipeline network.

The Company believes that it is well-placed 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 play its part in the PRC’s promotion of clean energy transition by providing the public with reliable access to natural gas supply in Gaomi City. The Group will continue to invest in expanding its pipeline network to improve its customer reach in Gaomi City. In line with government policies, the Group will also continue to implement Clean Energy Projects (which are government subsidised construction projects) so as to improve access to natural gas supply in rural areas of Gaomi City. The Group has been actively carrying out the replacement of existing gas meters with Goldcard Meters (which are nationally accredited wireless remote gas meters) and will continue to do so, as part of its efforts to increase operational efficiency and safety, and solidify its market position as the largest natural gas operator in Gaomi City.

### 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 144,914 active residential PNG end-users, 356 active industrial PNG end-users and 4,772 active commercial PNG end-users, representing a change of approximately 2.4%, -4.8% and 16.6% from that as at 31 December 2022; and (b) one wholesale customer which is a natural gas refuelling station operator in Gaomi City. The Group’s sales volume of PNG dropped slightly to approximately 47.7 million m<sup>3</sup> for the Period from approximately 53.5 million m<sup>3</sup> for the six months ended 30 June 2022. As at the end of the Period, the Group’s urban pipeline network was comprised of approximately 697.4 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.

Following the loosening of COVID-19 restrictions by the government in around December 2022, there was a surge in COVID-19 infections in Gaomi City in January and February 2023, which generally affected the operation of businesses in a range of industries. Such slowdown in business activities coincided with the Chinese new year holidays in February 2023, leading to weak demand for PNG from the Group’s commercial and industrial PNG end-users during these two months, as well as a temporary suspension of the Group’s construction and installation services. Such slowdown was partially complemented by robust demand for PNG from the Group’s residential PNG end-users due to needs for heating in the height of winter in January and February 2023. Stepping into March 2023, business activities in Gaomi City generally resumed to normal. PNG sales to the Group’s commercial and industrial PNG end-users as well as construction and installation services gradually picked up, while PNG sales to residential PNG end-users eased off slightly as the 2022-2023 winter heating season came to an end in March 2023.

Although the Group’s PNG procurement price had not been materially impacted by the continuing Russia-Ukraine military conflict, its LNG procurement prices and average cost of PNG (comprising PNG procured directly and PNG converted from LNG during periods of high demand) generally remained high in January to February 2023, mainly due to tight supply conditions and high demand during winter, but have gradually subsided since March 2023 as summer sets in, in line with the cyclical trend of the industry.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 RMB174.6 million, representing a decrease of 7.8% from RMB189.4 million for the corresponding period in 2022. The Group's sales volume of PNG was approximately 47.7 million m<sup>3</sup>, representing a decrease of 10.8% from approximately 53.5 million m<sup>3</sup> for the corresponding period in 2022.

**Sales to retail customers:** Revenue generated from PNG sales to retail customers was RMB170.2 million for the Period, representing a decrease of 8.1% from RMB185.3 million for the corresponding period in 2022. 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 29.8 million m<sup>3</sup>, 14.1 million m<sup>3</sup> and 2.2 million m<sup>3</sup>, respectively, accounting for approximately 64.6%, 30.6% and 4.8% of the Group's total PNG sales volume to retail customers. Comparatively, for the corresponding period in 2022, PNG sales volume to industrial, residential and commercial PNG end-users was 36.5 million m<sup>3</sup>, 12.8 million m<sup>3</sup> and 2.5 million m<sup>3</sup>, respectively, representing approximately 70.5%, 24.7% 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 and commercial PNG end-users (from RMB151.7 million for the corresponding period in 2022 to RMB133.4 million for the Period) resulting from (i) a general slowdown of both the global economy and domestic economy, which led to fewer business activities in Gaomi City and lower volume of goods being exported by industrial PNG end-users such as those engaged in manufacturing of textile products; and (ii) temporary suspension of certain commercial businesses due to a surge in COVID-19 infections in Gaomi City in January to February 2023.

**Sales to our wholesale customer:** Revenue generated from PNG sales to our wholesale customer was RMB4.5 million for the Period, representing an increase of 9.8% from RMB4.1 million for the corresponding period in 2022. During the Period, PNG sales volume to our wholesale customer was 1.6 million m<sup>3</sup>, representing a decrease of 5.9% from 1.7 million m<sup>3</sup> for the corresponding period in 2022. The aforementioned increase in revenue generated from the Group's PNG sales to our wholesale customer was mainly due to an increase in the Group's average per unit price of PNG sold to our wholesale customer.

### 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 RMB13.1 million, which remained stable as compared to RMB13.3 million for the corresponding period in 2022.

#### 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 RMB13.5 million, representing a decrease of 38.1% as compared to RMB21.8 million for the corresponding period in 2022. Such decrease was primarily attributable to the slowdown of the Group's construction and installation services resulting from (i) a drop in the delivery of newly constructed properties and suspension of certain property construction projects due to the generally weak real estate market and financial situation of PRC property developers; and (ii) temporary suspensions of the Group's construction and installation services during January to February 2023 as a result of the surge in COVID-19 infections in Gaomi City and the Chinese new year holidays.

#### 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 RMB3.3 million, representing an increase of 17.9% as compared to RMB2.8 million for the corresponding period in 2022. Such increase was primarily attributable to the Group's increased focus on residential customers interested in transitioning from coal-gas-burning appliances to gas-burning ones, in light of the Group's freed-up capacity as a result of less large scale construction and installation projects for property developers due to the economic slowdown as mentioned above.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FINANCIAL REVIEW

#### Revenue

The Group's revenue for the Period was RMB204.5 million, representing a decrease of 10.0% as compared to RMB227.4 million for the corresponding period in 2022. The decrease in revenue was mainly attributable to a decrease in revenue from the Group's sale of PNG, particularly in respect of non-residential PNG end-users as mentioned above.

#### Gross Profit

The Group's gross profit for the Period was RMB31.0 million, representing a decrease of 27.7% as compared to RMB42.9 million for the corresponding period in 2022. The decrease in gross profit was mainly due to a decrease in revenue from the Group's construction and installation services as well as sale of PNG for the reasons described above. The Group's gross profit margin declined to 15.2% for the Period from 18.9% for the corresponding period in 2022, primarily attributable to (i) the slowdown of the Group's construction and installation services segment, due to the combined effect of lower sales volume resulting from the weak real estate market which led to fewer construction and installation work carried out for property developers and temporary suspensions in January and February 2023 due to COVID-19 infections, as well as higher average cost due to the Group's increased installation work carried out for residential customers as mentioned above. Since residential customers are geographically dispersed, installation work used more raw materials and manpower, hence the higher average cost for residential customers as compared to the work carried out for property developers. The Group's construction and installation services and sale of gas-burning appliances typically have a higher gross profit margin as compared to other business segments due to greater pricing flexibility since pricing is not regulated. Hence a drop in the construction and installation service segment with relatively high gross profit margins has led to a decrease in the Group's overall gross profit margin; and (ii) a drop in the gross profit margin of PNG sales to residential PNG end-users, due to high average cost of PNG because of high demands and tight supply during winter, yet the Group was unable to transfer its costs onwards to customers as its PNG selling price is subject to the maximum regulatory price set by the government.

#### 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 2022.

#### Finance Costs

The Group's finance costs for the Period were RMB0.5 million, representing a decrease of 50% as compared to RMB1.0 million for the corresponding period in 2022. This was primarily due to a decrease in the Group's bank borrowings.

### FINANCIAL REVIEW (CONTINUED)

#### Income Tax Expense

The Group's income tax expense for the Period was RMB7.3 million, representing a decrease of 24.0% as compared to RMB9.6 million for the corresponding period in 2022. Such decrease was primarily attributable to a decrease in the Group's profit before income tax. The effective tax rate for the Period was 27.4% (the effective tax rate for the corresponding period in 2022 was 28.6%).

#### Profit Attributable to Owners of the Company

Profit attributable to owners of the Company for the Period was RMB18.7 million, representing a decrease of 19.0% as compared to RMB23.1 million for the corresponding period in 2022, 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 RMB67.7 million as at 30 June 2023, representing an increase of 2.6% as compared to RMB66.0 million as at 31 December 2022, which was mainly due to an increase in construction and installation services with outstanding fees pending settlement by customers.

#### Trade and Other Payables

The Group's trade and other payables was RMB78.6 million as at 30 June 2023, representing an increase of 15.1% as compared to RMB68.3 million as at 31 December 2022, which was mainly due to (i) an increase in third party trade payables relating to the Group's purchase of gas-burning appliances; and (ii) the declaration of payment of final dividends of RMB3.9 cents (equivalent to HK\$4.4 cents) per ordinary share for the year ended 31 December 2022.

#### Liquidity, Financial Position and Capital Structure

As at 30 June 2023, the share capital of the Group comprised only ordinary shares. The capital structure of the Group mainly consists of lease liabilities and equity attributable to owners of the Company, comprising issued share capital, share premium and reserves and retained earnings. The Group's current assets amounted to RMB233.6 million as at 30 June 2023, representing a decrease of 5.8% as compared to RMB248.0 million as at 31 December 2022. As at 30 June 2023, the Group's cash and bank balances amounted to RMB157.3 million.

As at 30 June 2023, the current ratio (current assets/current liabilities) of the Group was 131.8% (128.2% as at 31 December 2022) and the debt ratio of the Group (total liabilities/total assets) was 40.4% (42.3% as at 31 December 2022). As at 30 June 2023, the Group had no borrowings. As at 30 June 2023, the Group had lease liabilities of RMB2.3 million, of which RMB1.9 million is analysed as current portion, and RMB0.4 million is analysed as non-current portion.

The gearing ratio of the Group was 0.8% as at 30 June 2023 (7.1% as at 31 December 2022). 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 2023, the Group maintained a net cash position.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FINANCIAL REVIEW (CONTINUED)

#### 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 2023, the Group had no material contingent liabilities.

#### Financial Guarantee Obligations

As at 30 June 2023, the Group had no material financial guarantee obligations.

#### Pledge of Assets

As at 30 June 2023, the Group had not pledged any assets (RMB69.9 million as at 31 December 2022).

#### Charge on Assets

As at 30 June 2023, the Group had no charge on 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.

#### Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated 31 October 2022 and this report, the Group does not have other plans for material investments and capital assets.

### FINANCIAL REVIEW (CONTINUED)

#### Human Resources and Employee Compensation

As at 30 June 2023, the Group employed a total of 104 employees in the PRC as compared to 105 as at 30 June 2022. During the Period, the total employee costs of the Group were RMB4.4 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

On 13 August 2023, there was an incident of natural gas explosion in a certain bank service outlet and restaurant premises located within the Group's Operating Area in Gaomi City. The cause of the incident is under investigation by relevant authorities. As at the date of this report, the Group has not had any legal claims, request for compensation, fines or penalties lodged against it in relation to such incident.

Saved 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.

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 2023:

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	5.8	43.3	By the end of 2025
Upgrading approximately 43.4 km of the urban pipeline network	20.5%	20.7	0	20.7	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	2.5	4.5	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	0	14.3	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. The unused proceeds are expected to be used for the above purposes within the specific timeframe, though it may be subject to changes in accordance with changes in market conditions from time to time.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE

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 14 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, the Company has complied with all applicable code provisions under the CG Code (as amended from time to time) during the Period, save for the deviation discussed below.

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.

## COMPLIANCE WITH THE 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 10 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.

No incident of non-compliance of the Model Code by the Directors and employees of the Group was noted during the six months ended 30 June 2023.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

### 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 2022 annual report of the Company.

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

As at 30 June 2023, 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 10 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 <sup>(1)</sup>
Mr. Luan Xiaolong	Interest in a controlled corporation <sup>(3)</sup>	217,800,000 (L) <sup>(2)</sup>	49.50%
Mr. Luan Linjiang	Interest in a controlled corporation <sup>(4)</sup>	108,900,000 (L) <sup>(2)</sup>	24.75%

Note:

1. 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 2023.
2. The letter "L" denotes the person's long position in the shares.
3. 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.
4. 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 2023, 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.

### 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 2023, 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 Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital <sup>(7)</sup>
Mr. Luan Xiaolong <sup>(1), (2), (3)</sup>	Interest in a controlled corporation	217,800,000 (L) <sup>(8)</sup>	49.50%
LXL Phoenix <sup>(2)</sup>	Beneficial owner	184,800,000 (L) <sup>(8)</sup>	42.00%
SDJY Holding <sup>(3)</sup>	Interest in a controlled corporation	33,000,000 (L) <sup>(8)</sup>	7.50%
SEGM Holding <sup>(3)</sup>	Beneficial owner	33,000,000 (L) <sup>(8)</sup>	7.50%
Zhou Zhan ("Ms. Zhou") <sup>(4)</sup>	Interest of spouse	217,800,000 (L) <sup>(8)</sup>	49.50%
Mr. Luan Linjiang <sup>(1), (5)</sup>	Interest in a controlled corporation	108,900,000 (L) <sup>(8)</sup>	24.75%
LLJ Phoenix <sup>(5)</sup>	Beneficial owner	108,900,000 (L) <sup>(8)</sup>	24.75%
Cui Shuhua ("Ms. Cui") <sup>(6)</sup>	Interest of spouse	108,900,000 (L) <sup>(8)</sup>	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 2023.
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 2023, 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.

## 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 Mr. Wei Yi, Mr. Tian Qiang and Ms. Liu Xiaoye. 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 2023. 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 2023.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Revenue	6(a)	204,539	227,356
Cost of sales	9	(173,516)	(184,471)
<b>Gross profit</b>		<b>31,023</b>	42,885
Administrative expenses	9	(9,254)	(11,398)
Reversal of net impairment losses on financial assets		58	3
Other income	7	1,789	1,789
Other gains, net	8	2,313	929
<b>Operating profit</b>		<b>25,929</b>	34,208
Finance income	10	1,047	327
Finance costs	10	(475)	(965)
Finance income and costs, net	10	572	(638)
<b>Profit before income tax</b>		<b>26,501</b>	33,570
Income tax expense	11	(7,257)	(9,595)
<b>Profit and total comprehensive income for the period</b>		<b>19,244</b>	23,975
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		18,723	23,132
Non-controlling interests		521	843
		<b>19,244</b>	23,975
<b>Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>	12	<b>0.04</b>	0.07

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 2023

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	134,406	135,541
Investment properties	14	69,600	69,900
Right-of-use assets	15	10,385	10,707
Intangible assets		5,910	5,378
Trade receivables	18	26,506	26,185
Other non-current assets	17	7,511	5,686
		<b>254,318</b>	253,397
<b>Current assets</b>			
Inventories	20	7,464	9,800
Contract assets		1,188	—
Trade and other receivables	18	41,216	39,800
Financial assets at fair value through profit or loss	5.2	8,734	—
Prepayments and other current assets	19	17,780	25,354
Cash and bank balances		157,263	173,023
		<b>233,645</b>	247,977
<b>Total assets</b>		<b>487,963</b>	501,374

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2023

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Equity</b>			
Share capital	21	310	310
Share premium and reserves	22	172,068	170,734
Retained earnings		102,818	103,080
Equity attributable to owners of the Company		275,196	274,124
Non-controlling interests		15,599	15,078
<b>Total equity</b>		<b>290,795</b>	289,202
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	25	1,923	1,961
Trade payables	23	9,580	9,458
Deferred income tax liabilities	26	8,400	7,268
		19,903	18,687
<b>Current liabilities</b>			
Trade and other payables	23	68,985	58,842
Contract liabilities	6(b)	105,114	112,906
Current income tax liabilities		2,806	3,217
Borrowings	24	—	18,000
Lease liabilities	25	360	520
		177,265	193,485
<b>Total liabilities</b>		<b>197,168</b>	212,172
<b>Total equity and liabilities</b>		<b>487,963</b>	501,374

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

The interim condensed financial information from pages 17 to 52 was approved and authorised by the Board of Directors on 25 August 2023 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 2023

	Note	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		
<b>Balance at 1 January 2023</b>		310	256,598	(85,864)	103,080	274,124	15,078	289,202
<b>Comprehensive income</b>								
Profit for the period		—	—	—	18,723	18,723	521	19,244
<b>Total comprehensive income</b>		—	—	—	18,723	18,723	521	19,244
<b>Transactions with owners in their capacity as owners</b>								
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	27	—	—	—	(17,651)	(17,651)	—	(17,651)
<b>Total transactions with owners in their capacity as owners</b>		—	—	1,334	(18,985)	(17,651)	—	(17,651)
<b>Balance at 30 June 2023</b>		310	256,598	(84,530)	102,818	275,196	15,599	290,795

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	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	
<b>Balance at 1 January 2022</b>	—*	128,002	(94,611)	61,026	94,417	14,803	109,220
<b>Comprehensive income</b>							
Profit for the period	—	—	—	23,132	23,132	843	23,975
<b>Total comprehensive income</b>	—	—	—	23,132	23,132	843	23,975
<b>Transactions with owners in their capacity as owners</b>							
Appropriation to safety fund	—	—	1,426	(1,426)	—	—	—
Utilisation of safety fund	—	—	(118)	118	—	—	—
Appropriation to statutory reserve	—	—	2,117	(2,117)	—	—	—
<b>Total transactions with owners in their capacity as owners</b>	—	—	3,425	(3,425)	—	—	—
<b>Balance at 30 June 2022</b>	—*	128,002	(91,186)	80,733	117,549	15,646	133,195

\* The amount is less than RMB1,000.

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 2023

	Unaudited	
	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	21,427	23,680
Interest received	673	61
Income tax paid	(6,536)	(9,172)
<b>Net cash inflow from operating activities</b>	<b>15,564</b>	<b>14,569</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(3,940)	(4,985)
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	12,020	—
Proceeds from disposal of property, plant and equipment	8	—
<b>Net cash outflow from investing activities</b>	<b>(13,219)</b>	<b>(4,985)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	—	18,000
Repayments of borrowings	(18,000)	(37,000)
Withdrawal of bank deposits restricted for borrowings	336	—
Interest paid	(400)	(892)
Payments for listing expenses	(2,720)	(2,263)
<b>Net cash outflow from financing activities</b>	<b>(20,784)</b>	<b>(22,155)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,439)</b>	<b>(12,571)</b>
Cash and cash equivalents at beginning of the period	157,687	37,370
Effects of exchange rate changes on cash and cash equivalents	3,015	—
<b>Cash and cash equivalents at end of the period</b>	<b>142,263</b>	<b>24,799</b>

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 2023

## 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 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 2023 has not been audited.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). 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 2022, 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.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022 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

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

### 3 Accounting policies (continued)

#### (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 1 (Amendments)	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements— Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

### 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 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 2022.

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

#### 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
As at 30 June 2023 (unaudited)				
Financial assets at fair value through profit or loss				
– Listed equity securities-stock	8,684	—	—	8,684
– Other unlisted investments	—	—	50	50
	8,684	—	50	8,734

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 2023

### 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
<b>As at 30 June 2023 (unaudited)</b>				
– Investment properties	—	—	69,600	69,600
<b>As at 31 December 2022</b>				
– Investment properties	—	—	69,900	69,900

##### (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 2023 and 2022 are presented in Note 14. The movements in the level 3 other unlisted investment during the six months ended 30 June 2023 are as follows:

	Other unlisted investment RMB'000
<b>Opening balance 31 December 2022</b>	—
Acquisitions	12,050
Disposals	(12,020)
Gains recognised in other income	20
<b>Closing balance 30 June 2023 (unaudited)</b>	<b>50</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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
	2023	2022		2023	2022	
	RMB'000	RMB'000				
Investment properties	69,600	70,500	Supplementary land price (RMB)	170/m <sup>2</sup>	158/m <sup>2</sup>	The higher supplementary land price, the lower fair value
			Adjustments ratio for difference in – location	35%	23%-40%	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)	6,866/m <sup>2</sup>	6,394/m <sup>2</sup>	The higher adjustments factor, the higher fair value

### 6 Revenue and segment information

The Company's executive directors are the Group's 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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 6 Revenue and segment information (continued)

#### (a) Revenue from external customers

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Revenue recognised at a point in time:</b>		
Revenue from PNG sales	174,618	189,398
Revenue from CNG and LNG sales	13,119	13,342
Revenue from sales of gas-burning appliance	3,281	2,818
	<b>191,018</b>	205,558
<b>Revenue recognised over time:</b>		
Revenue from construction and installation services	13,521	21,798
<b>Total</b>	<b>204,539</b>	227,356

During the six months ended 30 June 2023 and 2022, no revenue was derived from transactions with a single customer representing 10% or more of the Group's total revenue.

#### (b) Contract liabilities

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
	PNG sales	93,766
Construction and installation services	9,649	5,346
CNG and LNG sales	1,552	1,634
Sales of gas-burning appliance	147	664
	<b>105,114</b>	112,906

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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 6 Revenue and segment information (continued)

#### (b) Contract liabilities (continued)

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

	Unaudited As at 30 June	
	2023 RMB'000	2022 RMB'000
PNG sales	60,214	58,587
Construction and installation services	5,346	12,386
CNG and LNG sales	1,634	1,193
Sales of gas-burning appliance	664	147
	<b>67,858</b>	<b>72,313</b>

According to the Notice on Adjusting the 2023 Temporary Selling Price of PNG for Non-Residential Usage (《關於2023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 on 17 May 2023, the selling price of PNG sales for non-residential usage has been adjusted downwards from RMB 4.83/m<sup>3</sup> to RMB 4.3/m<sup>3</sup> with effect from 1 April 2023. 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.

### 7 Other income

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Rental income from a related party (Note 28(d)(i))	1,789	1,789

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 8 Other gains, net

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Foreign exchange gains	3,275	—
Fair value (losses)/gains on investment properties (Note 14)	(300)	780
Fair value loss on financial assets	(535)	—
Others	(127)	149
	<b>2,313</b>	<b>929</b>

### 9 Expenses by nature

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cost of natural gas (Note 20)	154,360	166,682
Materials used in construction and installation services (Note 20)	6,183	7,821
Cost of gas-burning appliance sold (Note 20)	1,662	1,554
Employee benefit expenses	4,438	4,005
Depreciation and amortisation		
– Property, plant and equipment	5,302	4,516
– Right-of-use assets (Note 15)	322	322
– Intangible assets	159	62
Taxes and surcharges	618	840
Repairs and maintenance costs	2,726	91
Utility costs	625	674
Vehicle costs	186	154
Outsourced construction labour cost	1,486	1,447
Listing expenses	—	4,604
Other expenses	4,703	3,097
<b>Total cost of sales and administrative expenses</b>	<b>182,770</b>	<b>195,869</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 10 Finance income and costs, net

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest income:		
– Bank deposits	673	61
– Financing components recognised	374	266
<b>Total finance income</b>	<b>1,047</b>	<b>327</b>
Interest expense:		
– Bank borrowings	(400)	(893)
– Interest expense of lease liabilities	(75)	(72)
<b>Total finance costs</b>	<b>(475)</b>	<b>(965)</b>
<b>Finance income/(costs), net</b>	<b>572</b>	<b>(638)</b>

### 11 Income tax expense

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current income tax:		
– PRC enterprise income tax	6,125	9,098
– Deferred income tax (Note 26)	1,132	497
	<b>7,257</b>	<b>9,595</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 12 Earnings per share

Basic earnings per share for the six months ended 30 June 2023 and 2022 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	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	18,723	23,132
Weighted average number of issued ordinary shares	440,000,000	330,000,000
<b>Basic earnings per share (expressed in RMB per share)</b>	<b>0.04</b>	0.07

As the Company has no dilutive instruments during the six months ended 30 June 2023 (2022: nil), the Group's diluted earnings per share equals to its basic earnings per share.

### 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
<b>Six months ended 30 June 2023 (unaudited)</b>						
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)
<b>Closing net book amount</b>	<b>9,650</b>	<b>116,121</b>	<b>6,280</b>	<b>2,291</b>	<b>64</b>	<b>134,406</b>
<b>Six months ended 30 June 2022 (unaudited)</b>						
Opening net book amount	10,848	98,672	7,644	868	147	118,179
Additions	—	—	527	52	4,444	5,023
Transfers	—	4,456	—	—	(4,456)	—
Depreciation charges	(412)	(3,515)	(577)	(52)	—	(4,556)
<b>Closing net book amount</b>	<b>10,436</b>	<b>99,613</b>	<b>7,594</b>	<b>868</b>	<b>135</b>	<b>118,646</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 14 Investment properties

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Opening balance at beginning of the period	69,900	69,720
(Losses)/gains from fair value adjustment	(300)	780
<b>Closing balance at end of the period</b>	<b>69,600</b>	<b>70,500</b>

During the six months ended 30 June 2023 and 2022, 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	
	2023 RMB'000	2022 RMB'000
Rental income (Notes 7 and 28(d)(i))	1,789	1,789
Fair value (losses)/gains recognised for the period (Note 8)	(300)	780

As at 30 June 2023 there is no investment properties have been pledged, and as at 31 December 2022, investment properties with carrying amount of approximately RMB69,900,000 have been pledged as collateral for bank borrowings of RMB18,000,000 (Note 24).

### 15 Right-of-use assets

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
<b>Six months ended 30 June 2023 (unaudited)</b>			
Opening net book amount	8,688	2,019	10,707
Amortisation charges	(109)	(213)	(322)
<b>Closing net book amount</b>	<b>8,579</b>	<b>1,806</b>	<b>10,385</b>
<b>Six months ended 30 June 2022 (unaudited)</b>			
Opening net book amount	8,914	2,444	11,358
Amortisation charges	(109)	(213)	(322)
<b>Closing net book amount</b>	<b>8,805</b>	<b>2,231</b>	<b>11,036</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 16 Financial instruments by category

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Financial assets at amortised cost</b>		
Trade and other receivables (Note 18)	67,722	65,985
Cash and bank balances	157,263	173,023
	<b>224,985</b>	239,008
<b>Financial assets at fair value through profit or loss (Note 5.2)</b>	<b>8,734</b>	—
<b>Financial liabilities at amortised cost</b>		
Borrowings (Note 24)	—	18,000
Trade and other payables (excluding salaries and staff welfare payable and tax payable)	66,666	55,699
Lease liabilities (Note 25)	2,283	2,481
	<b>68,949</b>	76,180

### 17 Other non-current assets

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Prepayments for:		
– Land use rights	4,027	4,027
– Gas pipelines maintenance services	1,140	1,376
– Service charges	2,344	—
– Software licenses	—	283
	<b>7,511</b>	5,686

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 18 Trade and other receivables

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Non-current</b>		
Trade receivables		
– Third parties	27,011	26,690
Less: provision for impairment of trade receivables	(505)	(505)
	<b>26,506</b>	26,185
<b>Current</b>		
Trade receivables		
– Related parties (Note 28(f))	5,424	3,286
– Third parties	31,354	34,225
Less: provision for impairment of trade receivables	(598)	(656)
Trade receivables - net	<b>36,180</b>	36,855
Other receivables		
– Amounts due from a related party (Note 28(f))	4,550	2,600
– Amounts due from third parties	25,890	25,749
	<b>30,440</b>	28,349
Less: provision for impairment of other receivables	(25,404)	(25,404)
Other receivables - net	<b>5,036</b>	2,945
	<b>41,216</b>	39,800
<b>Total trade and other receivables, net</b>	<b>67,722</b>	65,985

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 18 Trade and other receivables (continued)

- (a) Aging analysis of trade receivables as at 30 June 2023 and 31 December 2022 based on their initial recognition dates were as follows:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Within 1 year	35,378	32,836
1 - 2 years	28,373	31,327
Over 3 years	38	38
	<b>63,789</b>	64,201

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 2023 and 31 December 2022, 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 RMB57,523,000 and RMB60,139,000 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) 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 2023

### 18 Trade and other receivables (continued)

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

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
At beginning of the period	1,161	654
Provision	—	5
Reversal	(58)	—
At the end of the period	1,103	659

The carrying amounts of trade receivables approximate their fair values.

(e) Movement of provision for impairment of other receivables is as follows:

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
At beginning of the period	25,404	28,373
Provision	—	—
Reversal	—	(8)
At the end of the period	25,404	28,365

The carrying amounts of other receivables approximate their fair values.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 19 Prepayments and other current assets

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Prepayments for:		
– Natural gas and other construction materials	14,148	23,796
– Other expenses	1,456	269
Value-added tax recoverable	2,176	1,289
	<b>17,780</b>	<b>25,354</b>

### 20 Inventories

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Natural gas and other construction materials	6,542	7,653
Gas-burning appliance	922	2,147
	<b>7,464</b>	<b>9,800</b>

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

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Natural gas	154,360	166,682
Construction materials	6,183	7,821
Gas-burning appliance	1,662	1,554
	<b>162,205</b>	<b>176,057</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 21 Share capital

	The Company	
	Number of shares	Nominal value USD
<b>Authorised</b>		
2,000,000,000 ordinary shares of USD0.0001 each as at 31 December 2022	2,000,000,000	200,000
2,000,000,000 ordinary shares of USD0.0001 each as at 30 June 2023	2,000,000,000	200,000

	The Company		
	Number of shares	Nominal value USD	Share capital RMB'000
<b>Issued:</b>			
<b>As at 1 January 2022</b>	1,000	—*	—*
Capitalisation of share premium	329,999,000	33,000	232
Issue of new shares upon listing	110,000,000	11,000	78
<b>As at 31 December 2022 and 30 June 2023</b>	<b>440,000,000</b>	<b>44,000</b>	<b>310</b>

\* The amount is less than USD1 and RMB1,000.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 22 Share premium and reserves

	Share premium RMB'000	Statutory reserve RMB'000	Safety fund RMB'000	Other reserves RMB'000	Total RMB'000
<b>Balance on 1 January 2023</b>	<b>256,598</b>	<b>19,664</b>	<b>11,606</b>	<b>(117,134)</b>	<b>170,734</b>
Profit appropriation to statutory reserves	—	<b>1,598</b>	—	—	<b>1,598</b>
Safety fund					
– appropriation	—	—	<b>2,361</b>	—	<b>2,361</b>
– utilization	—	—	<b>(2,625)</b>	—	<b>(2,625)</b>
<b>Balance on 30 June 2023</b>	<b>256,598</b>	<b>21,262</b>	<b>11,342</b>	<b>(117,134)</b>	<b>172,068</b>
<b>Balance on 1 January 2022</b>	128,002	14,189	8,334	(117,134)	33,391
Profit appropriation to statutory reserves	—	2,117	—	—	2,117
Safety fund					
– appropriation	—	—	1,426	—	1,426
– utilization	—	—	(118)	—	(118)
<b>Balance on 30 June 2022</b>	128,002	16,306	9,642	(117,134)	36,816

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 23 Trade and other payables

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Non-current</b>		
Trade payables		
– Third parties	9,580	9,458
<b>Current</b>		
Trade payables		
– Third parties	34,260	38,384
– Related parties (Note 28(f))	923	712
	<b>35,183</b>	39,096
Other payables		
– Value-added tax payable	9,469	10,679
– Other taxes payable	1,116	374
– Amounts due to related parties (Note 28(f))	1,168	975
– Listing expenses payable	1,158	3,644
– Salaries and staff welfare payable	1,314	1,548
– Dividends payable	17,850	—
– Others	1,727	2,526
	<b>33,802</b>	19,746
	<b>68,985</b>	58,842
<b>Total trade and other payables</b>	<b>78,565</b>	68,300

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 2023 RMB'000	Audited 31 December 2022 RMB'000
Less than 1 year	27,945	24,941
1 - 2 years	16,000	22,708
2 - 3 years	176	176
Over 3 years	642	729
	44,763	48,554

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 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Current</b>		
Bank borrowings		
– Secured by properties	—	18,000

As at 31 December 2022, bank borrowings of RMB18,000,000 were secured by investment properties of the Group (Note 14).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 25 Leases

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Right-of-use assets (Note 15)		
– Land use rights	8,579	8,688
– Leased properties	1,806	2,019
	<b>10,385</b>	10,707
Lease liabilities		
– Current	360	520
– Non-current	1,923	1,961
	<b>2,283</b>	2,481

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

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Depreciation charge (Note 15)		
– Leased properties	213	213
– Land use rights	109	109
	<b>322</b>	322
Interest expenses (Note 10)	<b>75</b>	72

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 25 Leases (continued)

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Leases are payable:		
Within 1 year	375	546
Between 1 and 2 years	207	205
Between 2 and 5 years	646	639
Over 5 years	2,316	2,427
Minimum lease payments	3,544	3,817
Future finance charges	(1,261)	(1,336)
	<b>2,283</b>	<b>2,481</b>

### 26 Deferred income tax

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Deferred income tax assets:		
– be recovered within 12 months	59	99
– to be recovered more than 12 months	7,413	8,391
	<b>7,472</b>	<b>8,490</b>
Set-off of deferred income tax liabilities pursuant to set-off provisions	(7,472)	(8,490)
	<b>—</b>	<b>—</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 26 Deferred income tax (continued)

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Deferred income tax liabilities:		
– be settled within 12 months	(67)	(106)
– to be settled more than 12 months	(15,805)	(15,652)
	<b>(15,872)</b>	(15,758)
Set-off of deferred income tax assets pursuant to set-off provisions	7,472	8,490
	<b>(8,400)</b>	(7,268)

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
<b>As at 1 January 2023</b>	6,641	620	1,229	8,490
Debited to profit or loss	(15)	(49)	(954)	(1,018)
<b>As at 30 June 2023(unaudited)</b>	<b>6,626</b>	<b>571</b>	<b>275</b>	<b>7,472</b>
<b>As at 1 January 2022</b>	7,257	712	286	8,255
Debited to profit or loss	(1)	(46)	(66)	(113)
<b>As at 30 June 2022(unaudited)</b>	<b>7,256</b>	<b>666</b>	<b>220</b>	<b>8,142</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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
<b>As at 1 January 2023</b>	(15,253)	(505)	(15,758)
(Debited)/credited to profit or loss	(167)	53	(114)
<b>As at 30 June 2023 (unaudited)</b>	<b>(15,420)</b>	<b>(452)</b>	<b>(15,872)</b>
<b>As at 1 January 2022</b>	(14,724)	(611)	(15,335)
(Debited)/credited to profit or loss	(437)	53	(384)
<b>As at 30 June 2022 (unaudited)</b>	<b>(15,161)</b>	<b>(558)</b>	<b>(15,719)</b>

### 27 Dividends

As approved by the shareholders at the Annual General Meeting held on 16 June 2023, a final dividend of RMB3.9 cents (equivalent to HK\$4.4 cents) per ordinary share of the Company for the year ended 31 December 2022 was distributed to shareholders on 7 July 2023.

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: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 2023 and 2022.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 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 2023 and 2022.

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
Gaomi Jiaoyun Market Co., Ltd. (高密市交運市場有限公司) ("Jiaoyun Market")	Controlled by Mr. Luan Linjiang
Gaomi Jiaoyun Property Co., Ltd. (高密市交運置業有限公司) ("Jiaoyun Property")	The then shareholder of Jiaoyun Gas and controlled by Mr. Luan Linjiang
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. (高密交運工程機械有限公司) ("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. (山東高密市交運汽車運輸有限公司) ("Jiaoyun Car Transport")	Indirectly controlled by Mr. Luan Xiaolong
Gaomi Jiaoyun Taxi Co., Ltd. (高密市交運出租車有限公司) ("Jiaoyun Taxi")	A subsidiary of Jiaoyun Car Transport and indirectly controlled by Mr. Luan Xiaolong

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 28 Related party transactions (continued)

#### (b) Purchases of goods and services

##### (i) Purchases of goods

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Shandong Shihua	88,778	99,434

##### (ii) Purchases of subcontract services

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Jiaoyun Property	1,517	1,447

##### (iii) Purchases of other services

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Jiaoyun Property	1,533	1,858

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 28 Related party transactions (continued)

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

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Guorui Real Estate	1,634	132
Jiaoyun Property	293	219
Jiaoyun Taxi	15	353
	<b>1,942</b>	<b>704</b>

#### (d) Property leasing

##### (i) Rental income

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Jiaoyun Market	1,789	1,789

##### (ii) Rental expenses

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Mr. Luan Linjiang	153	151
Jiaoyun Car Transport	97	95
	<b>250</b>	<b>246</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 28 Related party transactions (continued)

#### (e) Expenses of seconded employees

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Shandong Shihua	120	120

#### (f) Period-end/year-end balances arising from sales/purchases of goods/services between related parties

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Receivables from related parties</b>		
Trade receivables		
– Jiaoyun Property	2,371	2,030
– Guorui Real Estate	2,149	368
– Jiaoyun Taxi	904	888
	5,424	3,286
Other receivables		
– Jiaoyun Market	4,550	2,600
Prepayments		
– Shandong Shihua	9,271	13,308
– Jiaoyun Property	—	257
	9,271	13,565

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 28 Related party transactions (continued)

#### (f) Period-end/year-end balances arising from sales/purchases of goods/services between related parties (continued)

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Payables to related parties</b>		
Trade payables		
– Yuanhua Trading	673	673
– Jiaoyun Property	211	—
– Jiaoyun Construction Machinery	39	39
	<b>923</b>	712
Other payables		
– Jiaoyun Property	473	493
– Mr. Luan Linjiang	383	275
– Jiaoyun Car Transport	312	207
	<b>1,168</b>	975

#### (g) 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	
	2023 RMB'000	2022 RMB'000
Salaries and other short-term employee benefits		
– Directors	79	84
– Other key management	186	193
	<b>265</b>	277