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JY GAS LIMITED
交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1407)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the prospectus of the Company dated 31 October 2022 in relation to the Natural Gas Sale and Purchase Agreements. The Natural Gas Sale and Purchase Agreements expired on 31 December 2025.

The Board is pleased to announce that, on 31 December 2025, Jiaoyun Gas, a subsidiary of the Company, has entered into the 2026 Natural Gas Sale and Purchase Agreement with Shandong Shihua, a substantial shareholder of a subsidiary of the Company, in relation to the provision of PNG to Jiaoyun Gas for a term commencing from 1 January 2026 to 31 December 2026.

LISTING RULES IMPLICATIONS

Shandong Shihua is a limited liability company established in the PRC and is held as to 50% by Sinopec and 50% by Shandong Luxin Industrial Group Co., Ltd.* (山東省魯信實業集團有限公司) (which is in turn indirectly wholly-owned by the Shandong Province Finance Bureau). Shandong Shihua holds 30% equity interest in Jiaoyun Shihua, a subsidiary of the Company, and hence is a connected person of the Company at the subsidiary level and the 2026 Natural Gas Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The annual cap for the fees under the 2026 Natural Gas Sale and Purchase Agreement exceeds HK$10 million and the highest applicable percentage ratio (other than the profits ratio) under the Listing Rules also exceeds 5%. However, as (i) Shandong Shihua is a connected person of the Company at the subsidiary level; (ii) the Board (including all independent non-executive Directors) has approved the 2026 Natural Gas Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) all independent non-executive Directors have confirmed that the terms of the 2026 Natural Gas Sale and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the transactions under the 2026 Natural Gas Sale and Purchase Agreement will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

Reference is made to the prospectus of the Company dated 31 October 2022 in relation to the Natural Gas Sale and Purchase Agreements. The Natural Gas Sale and Purchase Agreements expired on 31 December 2025.

The Board is pleased to announce that, on 31 December 2025, Jiaoyun Gas, a subsidiary of the Company, has entered into the 2026 Natural Gas Sale and Purchase Agreement with Shandong Shihua, a substantial shareholder of a subsidiary of the Company, in relation to the provision of PNG to Jiaoyun Gas for a term commencing from 1 January 2026 to 31 December 2026.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

2026 Natural Gas Sale and Purchase Agreement

The principal terms of the agreement are summarised below:

Parties	:	(i) Jiaoyun Gas (ii) Shandong Shihua
Date	:	31 December 2025
Term	:	From 1 January 2026 to 31 December 2026
Subject	:	Shandong Shihua agreed to supply PNG to Jiaoyun Gas for a term commencing from 1 January 2026 to 31 December 2026 (the "**Provision of PNG**").

Pricing Basis : The fees to be charged by Shandong Shihua for the Provision of PNG were determined with reference to the benchmark gate price set by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會). According to the Notice on Adjusting the Benchmark Gate Price of Natural Gas for Residential Usage (Fa Gai Jia Ge Gui [2019] No. 562) (《國家發展改革委關於調整天然氣基準門站價格的通知》(發改價格規[2019]562號)) issued by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) on 27 March 2019, with effect from 1 April 2019, the benchmark gate prices of natural gas in Shandong Province was adjusted to RMB1,840 per 1,000 m^3. The price at which the Company procures PNG from Shandong Shihua is prescribed annually in accordance with the benchmark gate price.

Historical Transaction Amounts

For the three years ended/ending 31 December 2025, the total amount of the annual fee (including VAT) payable by Jiaoyun Gas for the Provision of PNG are set out below:

	Actual Transaction Amount *(RMB'000)* **Financial year ended /ending 31 December**		
	2023	**2024**	**2025 (estimate)**
Provision of PNG	190,432	182,006	170,464

Note: In the above table, the figures in the column "2025" are derived from the aggregate actual amounts of the relevant transactions for the eleven months ended 30 November 2025 based on the management accounts of the Company and the estimated amounts of those transactions for December 2025; the figures in the column "2023" and "2024" are the actual amounts of the relevant transactions for the financial years ended 31 December 2023 and 2024.

The Company confirms that the annual caps for transaction amounts with Shandong Shihua under the Natural Gas Sale and Purchase Agreements with Shandong Shihua for the financial years ended 31 December 2023 and 2024 were not exceeded, and that for the financial year ending 31 December 2025 will not be exceeded, as set out in the Company's prospectus dated 31 October 2022.

Annual Cap

	For the year ending 31 December 2026 *(RMB'000)*
Provision of PNG	207,300 (including VAT)

In arriving at the proposed annual cap in relation to the 2026 Natural Gas Sale and Purchase Agreement for the year ending 31 December 2026, the Directors have considered (i) the historical sales volumes and transaction amounts; (ii) the purchase volume and prices for the year ending 31 December 2026 as preliminarily agreed with Shandong Shihua; (iii) the estimated demand for PNG of end-users in the Operating Area, with reference to the number of end-users in the Operating Area each year and the estimated usage volume per end-user; (iv) the historical proportion of gas purchased from Shandong Shihua to the annual total gas procurement of the Group from all gas suppliers including Shandong Shihua and other Independent Third Parties; (v) the anticipated price level at which the Group can procure PNG with reference to the benchmark gate price; and (vi) the applicable VAT.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 NATURAL GAS SALE AND PURCHASE AGREEMENT

Shandong Shihua has been primarily engaged in the supply of natural gas in Shandong Province. There are only two natural gas suppliers in Gaomi City, being Shandong Shihua and PetroChina. The Group has been procuring PNG from Shandong Shihua in its ordinary and usual course of the sale of natural gas business. Considering the long-term relationship between the Group and Shandong Shihua, the Company considers that it is beneficial to enter into the 2026 Natural Gas Sale and Purchase Agreement with Shandong Shihua, as such transactions facilitate the Group's principal business of sale of natural gas, and ensures the safe and stable supply of natural gas required by the Group.

Based on the above, the Board (including the independent non-executive Directors) considered that the 2026 Natural Gas Sale and Purchase Agreement (together with the terms of the transactions thereunder and proposed annual caps) is entered into on normal commercial terms or better and in the ordinary course of business of the Group, and on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

Jiaoyun Gas

Jiaoyun Gas is a limited liability company established in the PRC on 14 July 2003. It is a wholly-owned subsidiary of the Company. Its principal activity is operation of pipeline natural gas in the PRC.

Shandong Shihua

Shandong Shihua is a limited liability company established in the PRC on 13 August 2002. It is held as to 50% by Sinopec and 50% by Shandong Luxin Industrial Group Co., Ltd.* (山東省魯信實業集團有限公司) (which is in turn indirectly wholly-owned by the Shandong Province Finance Bureau). It is principally engaged in sales of pipeline natural gas and construction of urban natural gas pipelines.

LISTING RULES IMPLICATIONS

Shandong Shihua is a limited liability company established in the PRC and is held as to 50% by Sinopec and 50% by Shandong Luxin Industrial Group Co., Ltd.* (山東省魯信實業集團有限公司) (which is in turn indirectly wholly-owned by the Shandong Province Finance Bureau). Shandong Shihua holds 30% equity interest in Jiaoyun Shihua, a subsidiary of the Company, and hence is a connected person of the Company at the subsidiary level and the 2026 Natural Gas Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The annual cap for the fees under the 2026 Natural Gas Sale and Purchase Agreement exceeds HK$10 million and the highest applicable percentage ratio (other than the profits ratio) under the Listing Rules also exceeds 5%. However, as (i) Shandong Shihua is a connected person of the Company at the subsidiary level; (ii) the Board (including all independent non-executive Directors) has approved the 2026 Natural Gas Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) all independent non-executive Directors have confirmed that the terms of the 2026 Natural Gas Sale and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the transactions under the 2026 Natural Gas Sale and Purchase Agreement will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

"2026 Natural Gas Sale and Purchase Agreement"	the natural gas sale and purchase agreement dated 31 December 2025 entered into between Jiaoyun Gas and Shandong Shihua, for the year ending 31 December 2026
"Board"	the board of Directors
"Company"	JY GAS LIMITED (交运燃气有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 9 March 2021 and the shares of which are listed on the Stock Exchange (stock code: 1407)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Independent Third Parties"	third parties independent of the Company and its connected persons
"Jiaoyun Gas"	Gaomi Jiaoyun Natural Gas Co., Ltd.* (高密市交運天然氣有限公司), a limited liability company established in the PRC on 14 July 2003 and is a wholly-owned subsidiary of the Company
"Jiaoyun Shihua"	Gaomi Jiaoyun Shihua Natural Gas Co., Ltd.* (高密市交運實華天然氣有限公司), a limited liability company established in the PRC on 7 April 2013 and a non-wholly owned subsidiary of the Company, which is owned as to 70% by Jiaoyun Gas and 30% by Shandong Shihua
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Natural Gas Sale and Purchase Agreements"	the natural gas sale and purchase agreement with Shandong Shihua, pursuant to which Shandong Shihua agreed to supply PNG to Jiaoyun Gas for a term commencing from 1 April 2020 to 31 December 2025 dated 1 April 2020, together with the supplemental agreements entered into annually with Shandong Shihua to prescribe the supply amount and price of PNG in accordance with the benchmark gate price for each year, as disclosed in the prospectus of the Company dated 31 October 2022
"Operating Area"	the operating area in which the Group has actively supplied natural gas, and such area is within the granted area under the concession agreement the Group entered into with Gaomi City Bureau of Municipal Affairs Administration* (高密市市政管理局) to operate natural gas related businesses within the administrative area of Gaomi City in August 2009
"PNG"	pipeline natural gas, natural gas transmitted through pipelines
"PRC"	the People's Republic of China
"Provision of PNG"	has the meaning ascribed to it under the section headed "RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – 2026 Natural Gas Sale and Purchase Agreement" in this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"Shandong Shihua"	Shandong Shihua Natural Gas Co., Ltd.* (山東實華天然氣有限公司), a company established in the PRC with limited liability on 13 August 2002, which is held as to 50% by Sinopec and 50% by Shandong Luxin Industrial Group Co., Ltd.* (山東省魯信實業集團有限公司) (which is in turn indirectly wholly-owned by the Shandong Province Finance Bureau). Shandong Shihua holds 30% equity interest in Jiaoyun Shihua, a subsidiary of the Company, and hence is a connected person of the Company at the subsidiary level
"Shareholders"	holders of Shares

"Shares"	ordinary shares of US$0.0001 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"VAT"	the applicable value-added tax at a rate of 9% for the Provision of PNG

* *For identification purpose only*

By order of the Board
JY GAS LIMITED
Luan Xiaolong
Chairman of the Board

Hong Kong, 31 December 2025

As at the date of this announcement, (1) the Chairman and executive Director is Mr. Luan Xiaolong;(2) the executive Directors are Mr. Luan Linxin and Ms. Xu Huanxia; (3) the non-executive Director is Mr. Lui Chun Pong; and (4) the independent non-executive Directors are Mr. Wei Yi, Mr. Tian Qiang and Ms. Liu Xiaoye.