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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)**

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE**

**PROVISION OF FINANCIAL ASSISTANCE TO JIAOYUN PROPERTY**

During the period from September 2023 to November 2023, Jiaoyun Gas, a wholly-owned subsidiary of the Company, provided a series of loans to Jiaoyun Property, a connected person of the Company, the maximum loan amount of which was RMB34,000,000. Additionally, during December 2023, Jiaoyun Gas provided a series of loans to Jiaoyun Property, the maximum loan amount of which was RMB84,000,000. As at 31 December 2023, the outstanding balance of the principal amount of the Loans was RMB68,000,000. On 5 March 2024, all of the principal amount of the Loans outstanding as at 31 December 2023, together with all accrued interest under the Loans, had been fully settled by Jiaoyun Property.

**BREACH OF THE LISTING RULES**

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, the September to November Loans and the December Loans are required to be aggregated. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loans exceeds 25% but is less than 75%, the Loans constituted a major transaction and a non-exempt connected transaction of the Company and was subject to the reporting, announcement, circular and the independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. In addition, as the total amount of the Loans exceeds 8% of the Group's assets, the Loans also constituted advances to an entity under Rule 13.13 of the Listing Rules.

Due to an oversight and inadvertent misunderstanding of the Listing Rules by the management and the Directors, the Company failed to comply with the relevant Listing Rules requirements and failed to obtain independent Shareholders' approval and announce the Loans when the transactions were conducted during the period from September 2023 to December 2023.

## **PROVISION OF FINANCIAL ASSISTANCE TO JIAOYUN PROPERTY**

### **I. September to November Loans Ratification Agreement**

During the period from September 2023 to November 2023, Jiaoyun Gas, a wholly-owned subsidiary of the Company, provided a series of loans to Jiaoyun Property, a connected person of the Company, the maximum loan amount of which was RMB34,000,000 (“**September to November Loans**”). Key terms of the September to November Loans are set out as follows:

<b>Lender</b>	:	Jiaoyun Gas
<b>Borrower</b>	:	Jiaoyun Property
<b>Maximum loan amount</b>	:	RMB34,000,000
<b>Term</b>	:	From 15 September 2023 to 30 November 2023, recallable by Jiaoyun Gas and repayable by Jiaoyun Property any time during the term. Jiaoyun Property may drawdown up to the maximum loan amount according to its capital needs at any time during the term, and shall repay the principal amount before expiry of the term
<b>Interest rate</b>	:	Fixed rate of 6% per annum
<b>Calculation of accrued interest</b>	:	Accrued interest shall be calculated according to the actual number of days that the principal amount has been withdrawn by Jiaoyun Property, starting from the withdrawal date until the repayment date
<b>Security</b>	:	None
<b>Purpose of the loan</b>	:	The proceeds from the loan shall be used exclusively by Jiaoyun Property for the settlement of bank loans and normal business operations

Further details of each of the September to November Loans made pursuant to the above key terms are set out as follows:

No.	Lender	Borrower	Date of loan	Principal amount (RMB)	Date of repayment of principal amount	Principal amount repaid (RMB)	Accrued interest amount (RMB)	Date of payment of accrued interest
1	Jiaoyun Gas	Jiaoyun Property	15 September 2023	20,000,000	30 October 2023	20,000,000	153,333.33	5 March 2024
2	Jiaoyun Gas	Jiaoyun Property	10 November 2023	20,000,000	30 November 2023	20,000,000	70,000.00	5 March 2024
3	Jiaoyun Gas	Jiaoyun Property	20 November 2023	10,000,000	23 November 2023	10,000,000	6,666.67	5 March 2024
4	Jiaoyun Gas	Jiaoyun Property	27 November 2023	14,000,000	30 November 2023	14,000,000	9,333.33	5 March 2024

The maximum outstanding balance of principal amount of the September to November Loans at any point in time during the period from September 2023 to November 2023 was RMB34,000,000. As at 31 December 2023, there was no outstanding balance of the principal amount of the September to November Loans, as all the principal amount of such loans provided to Jiaoyun Property have been repaid in full. On 5 March 2024, the accrued interest of RMB239,333.33 under the September to November Loans had been fully settled by Jiaoyun Property.

Since no written agreement has been signed for the September to November Loans, Jiaoyun Gas and Jiaoyun Property entered into the September to November Loans Ratification Agreement on 6 March 2024, which ratified and confirmed the key terms of the September to November Loans as set out in the above table.

## II. December Loans Agreement

During December 2023, Jiaoyun Gas provided a series of loans to Jiaoyun Property, the maximum loan amount of which was RMB84,000,000 (the “December Loans”) pursuant to the December Loans Agreement. Key terms of the December Loans Agreement are set out as follows:

<b>Lender</b>	:	Jiaoyun Gas
<b>Borrower</b>	:	Jiaoyun Property
<b>Maximum loan amount</b>	:	RMB84,000,000

<b>Term</b>	:	From 1 December 2023 to 31 March 2024, callable by Jiaoyun Gas and repayable by Jiaoyun Property any time during the term. Jiaoyun Property may drawdown up to the maximum loan amount according to its capital needs at any time during the term, and shall repay the principal amount before expiry of the term
<b>Interest rate</b>	:	Fixed rate of 6% per annum
<b>Calculation of accrued interest</b>	:	Accrued interest shall be calculated according to the actual number of days that the principal amount has been withdrawn by Jiaoyun Property, starting from the withdrawal date until the repayment date
<b>Security</b>	:	None
<b>Purpose of the loan</b>	:	The proceeds from the loan shall be used exclusively by Jiaoyun Property for the settlement of bank loans and normal business operations

Further details of each of the December Loans made pursuant to the above key terms are set out as follows:

No.	Lender	Borrower	Date of loan	Loan amount (RMB)	Date of repayment of principal amount	Principal amount repaid (RMB)	Accrued interest amount (RMB)	Date of payment of accrued interest
1	Jiaoyun Gas	Jiaoyun Property	1 December 2023	20,000,000	18 December 2023	20,000,000	60,000.00	5 March 2024
2	Jiaoyun Gas	Jiaoyun Property	12 December 2023	10,000,000	18 December 2023	10,000,000	11,666.67	5 March 2024
3	Jiaoyun Gas	Jiaoyun Property	15 December 2023	5,000,000	28 December 2023	5,000,000	11,666.67	5 March 2024
4	Jiaoyun Gas	Jiaoyun Property	19 December 2023	50,000,000	5 March 2024	50,000,000	650,000.00	5 March 2024
5	Jiaoyun Gas	Jiaoyun Property	19 December 2023	16,000,000	5 March 2024	16,000,000	208,000.00	5 March 2024
6	Jiaoyun Gas	Jiaoyun Property	19 December 2023	1,000,000	5 March 2024	1,000,000	13,000.00	5 March 2024
7	Jiaoyun Gas	Jiaoyun Property	19 December 2023	1,000,000	5 March 2024	1,000,000	13,000.00	5 March 2024

No.	Lender	Borrower	Date of loan	Loan amount (RMB)	Date of repayment of principal amount	Principal amount repaid (RMB)	Accrued interest amount (RMB)	Date of payment of accrued interest
8	Jiaoyun Gas	Jiaoyun Property	19 December 2023	1,000,000	29 December 2023	1,000,000	1,833.33	5 March 2024
9	Jiaoyun Gas	Jiaoyun Property	24 December 2023	1,000,000	28 December 2023	1,000,000	833.33	5 March 2024
10	Jiaoyun Gas	Jiaoyun Property	25 December 2023	1,000,000	29 December 2023	1,000,000	833.33	5 March 2024
11	Jiaoyun Gas	Jiaoyun Property	26 December 2023	2,000,000	29 December 2023	2,000,000	1,333.33	5 March 2024
12	Jiaoyun Gas	Jiaoyun Property	26 December 2023	1,000,000	29 December 2023	1,000,000	666.67	5 March 2024
13	Jiaoyun Gas	Jiaoyun Property	27 December 2023	5,000,000	29 December 2023	5,000,000	2,500.00	5 March 2024

The maximum outstanding balance of principal amount of the December Loans at any point in time during the period from December 2023 to March 2024 was RMB84,000,000. As at 31 December 2023, the outstanding balance of the principal amount of the December Loans was RMB68,000,000. On 5 March 2024, all of the outstanding principal amount of the December Loans of RMB68,000,000, together with the accrued interest of RMB975,333.33 under the December Loans, had been fully settled by Jiaoyun Property.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of when the September to November Loans and the December Loans were conducted, and as at the date of this announcement, Jiaoyun Property was owned as to 99.98% by Mr. Luan Linjiang, chairman of the Board and an executive Director of the Company. Therefore, Jiaoyun Property is a connected person of the Company, and each of the Loans constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, the September to November Loans and the December Loans are required to be aggregated. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loans exceeds 25% but is less than 75%, the Loans constituted a major transaction and a non-exempt connected transaction under the Listing Rules and was subject to the reporting, announcement, circular and the independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. In addition, as the total amount of the Loans exceeds 8% of the Group's assets, the Loans also constituted advances to an entity under Rule 13.13 of the Listing Rules.

Mr. Luan Linjiang (who held 99.98% equity interest in Jiaoyun Property) and Mr. Luan Linxin (who was the legal representative, executive director and general manager of Jiaoyun Gas at the time when the Loans was made, but subsequently resigned from all above positions in January 2024) are deemed to have material interests in the ratification of the Loans and have abstained from voting or did not attend voting on the relevant Board resolutions ratifying the Loans. Other than those Directors mentioned above, none of the other Directors has or is deemed to have a material interest in the ratification of the Loans.

Given that the Loans had already occurred and the Board has ratified the transaction, and all of the principal amount of the Loans outstanding as at 31 December 2023, together with all accrued interest under the Loans, had been fully settled by Jiaoyun Property on 5 March 2024, the Company will not send a circular to the Shareholders or convene a general meeting for the consideration and approval of the Loans.

## **BREACH OF THE LISTING RULES**

Pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules, the September to November Loans and the December Loans are required to be aggregated. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loans exceeds 25% but is less than 75%, the Loans constituted a major transaction and a non-exempt connected transaction, and was subject to the reporting, announcement, circular and the independent Shareholders' approval requirement under Chapter 14 and Chapter 14A of the Listing Rules. The Company had omitted to comply with the above requirements and failed to obtain independent Shareholders' approval and announce the Loans when the transaction was conducted in the period from September 2023 to December 2023.

In addition, as the total amount of the Loans exceeds 8% of the Group's assets, the Loans also constituted advances to an entity under Rule 13.13 of the Listing Rules. The Company failed to announce the Loans in accordance with Rule 13.13 of the Listing Rules.

## **INFORMATION OF 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.

## **Jiaoyun Property**

Jiaoyun Property is a limited liability company established in the PRC on 11 April 2006. As at the date of when the September to November Loans and the December Loans were conducted, and as at the date of this announcement, Jiaoyun Property was held as to 99.98% by Mr. Luan Linjiang (chairman of the Board and an executive director of the Company), hence it is an associate of Mr. Luan Linjiang and a connected person of the Company. Jiaoyun Property is principally engaged in real estate development and operation.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Loans were provided by Jiaoyun Gas to Jiaoyun Property using its own funds, which were considered to appropriately increase the efficiency of the use of funds. As the Loans were short-term in nature and callable on demand by Jiaoyun Gas at any time during its term, it was considered that the Loans would not affect the Company's liquidity. The interest rate to be received by Jiaoyun Gas and payable by Jiaoyun Property under the Loans was higher than (i) the prevailing market interest rate of bank deposits of approximately 1.35% for a term of three months during the same period for such funds; and (ii) the highest interest rate during the same period of approximately 4.7% per annum for bank loans which Jiaoyun Gas was able to obtain at the time. Therefore, it was expected that the relevant interest income will bring extra income and cash flows to the Group which will better utilize the funds of the Group, and the Loans were in the interest of the Company and the Shareholders as a whole.

Upon ratification of the Loans, the Directors (including the independent non-executive Directors but excluding Mr. Luan Linjiang and Mr. Luan Linxin who were required to abstain from voting) consider that the interest rate of 6% per annum under the Loans is higher than (i) the prevailing market interest rate of bank deposits for a term of three months during the same period at approximately 1.35% per annum; and (ii) the highest interest rate during the same period of approximately 4.7% per annum for bank loans which Jiaoyun Gas was able to obtain at the time, hence the Loans were entered into on normal commercial terms or better, and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **REASONS FOR BREACH OF THE LISTING RULES**

The Directors considered that the failure of the Company to comply with the Listing Rules was due to an oversight and inadvertent misunderstanding of the Listing Rules by the management and the Directors resulting from their unfamiliarity of the Listing Rules and the unawareness of the Company's obligation in respect of the Loans under

the Listing Rules. Although the Loans were approved by the then legal representative and director of Jiaoyun Gas at the Company's subsidiary level, the transactions have not been appropriately and promptly reported to the Company level for further consideration of compliance with Listing Rules requirements.

## **REMEDIAL MEASURES**

The Company deeply regrets the failure to comply with the Listing Rules, but the Company wishes to emphasize that the Company did not and does not intend to conceal any information relating to the Loans. On 5 March 2024, all of the principal amount of the Loans outstanding as at 31 December 2023, together with all accrued interest under the Loans, had been fully settled by Jiaoyun Property.

As set out above, the Loans constituted a major transaction and a non-exempt connected transaction of the Company which require the approval of the independent Shareholders. In order to safeguard against any risks of exposure to breach of Listing Rules:

- (a) the Company will engage legal advisers to provide trainings on Listing Rules requirements to all Directors and management to reinforce their understanding of and importance of compliance with the Listing Rules;
- (b) the Company will engage an internal control consultant to identify any deficiencies of our internal control policies for monitoring the connected transactions under the Listing Rules, and make recommendations to enhance the relevant internal control policies. The Company will separately announce the results of the internal control review, the recommendations of the internal control consultants and the measures that the Company will take accordingly;
- (c) the Company will provide a more detailed guideline relating to its existing internal procedures relating to dealing with connected transactions or related party transactions and notifiable transactions under the Listing Rules to the relevant staff members of the Group, in order to strengthen and reinforce their knowledge relating to notifiable and connected transactions and their ability to identify potential issues; and
- (d) to ensure that the business and financial departments at the subsidiary level shall promptly report to the Company any proposed transactions or events involving significant financial advances of the Group, enhanced internal approval procedures will be implemented at the subsidiary level. Unless such transactions or events have been approved by the management of the Company in accordance with the internal approval procedures of the Company, such transactions cannot proceed.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“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, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1407)
“December Loans”	has the meaning ascribed to it in the section headed “Provision of financial assistance to Jiaoyun Property — II. December Loans Agreement” in this announcement
“December Loans Agreement”	a loan agreement dated 1 December 2023 entered into between Jiaoyun Gas and Jiaoyun Property in relation to the December Loans, details of which are set out in the section headed “Provision of financial assistance to Jiaoyun Property — II. December Loans Agreement” in this announcement
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“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 a wholly-owned subsidiary of the Company
“Jiaoyun Property”	Gaomi Jiaoyun Property Co., Ltd.* (高密市交運置業有限公司), a limited liability company established in the PRC on 11 April 2006 and is owned as to 99.98% by Mr. Luan Linjiang (chairman of the Board and executive director of the Company), hence it is an associate of Mr. Luan Linjiang and a connected person of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Loans”	the September to November Loans and the December Loans
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“September to November Loans”	has the meaning ascribed to it in the section headed “Provision of financial assistance to Jiaoyun Property — I. September to November Loans Ratification Agreement” in this announcement
“September to November Loans Agreement”	a ratification agreement dated 6 March 2024 entered into between Jiaoyun Gas and Jiaoyun Property in relation to the ratification of the September to November Loans, details of which are set out in the section headed “Provision of financial assistance to Jiaoyun Property — I. September to November Loans Ratification Agreement” in this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 8 March 2024

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