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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)

**(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
31 DECEMBER 2023 ; AND**

(2) ADOPTION OF REVISED DIVIDEND POLICY

(1) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2023 (the “**Reporting Period**” or “**Year**”) amounted to RMB403.5 million, a decrease of 15.1% as compared to 2022.
- Net profit for the Year amounted to RMB25.2 million, a decrease of 51.5% as compared to 2022. The net profit margin for the Year was 6.3%, as compared to 10.9% in 2022.
- Basic earnings per share for the Year amounted to RMB0.06, a decrease of RMB0.09 from 2022.
- The Board has recommended a final dividend of HK\$0.033 per ordinary share for the Year.
- The Board has resolved to revise its dividend policy (the “**Revised Dividend Policy**”) on 25 March 2024 with immediate effect on the same day and announced that the Company will declare and distribute not less than 50% of its net profit for a given year as dividends to the shareholders of the Company.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of JY GAS LIMITED (the “**Company**”) announces the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the Year with comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	403,488	475,531
Cost of sales	4	<u>(338,577)</u>	<u>(374,865)</u>
Gross profit		64,911	100,666
Administrative expenses	4	(26,268)	(34,007)
(Provision)/reversal of net impairment losses on financial assets and contract assets		(2,886)	2,462
Other income	5	3,904	3,578
Other (losses)/gains, net	6	<u>(5,366)</u>	<u>15</u>
Operating profit		<u>34,295</u>	<u>72,714</u>
Finance income	7	2,435	743
Finance costs	7	<u>(603)</u>	<u>(1,576)</u>
Finance income and costs, net	7	<u>1,832</u>	<u>(833)</u>
Profit before income tax		36,127	71,881
Income tax expense	8	<u>(10,908)</u>	<u>(19,905)</u>
Profit and total comprehensive income for the year		<u><u>25,219</u></u>	<u><u>51,976</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Year ended 31 December	
	Note	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Profit and total comprehensive income			
attributable to:			
Owners of the Company		24,538	50,801
Non-controlling interests		681	1,175
		<u>25,219</u>	<u>51,976</u>
Basic and diluted earnings per share for profit			
attributable to owners of the Company			
(expressed in RMB per share)	10	<u>0.06</u>	<u>0.15</u>

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		141,247	135,541
Investment properties		69,000	69,900
Right-of-use assets		10,058	10,707
Intangible assets		5,727	5,378
Trade receivables	11	15,280	26,185
Other non-current assets		5,528	5,686
		<u>246,840</u>	<u>253,397</u>
Current assets			
Inventories		10,447	9,800
Contract assets		2,351	—
Trade and other receivables	11	126,427	39,800
Financial assets at fair value through profit or loss		9,445	—
Prepayments and other current assets		26,230	25,354
Cash and bank balances		127,547	173,023
		<u>302,447</u>	<u>247,977</u>
Total assets		<u><u>549,287</u></u>	<u><u>501,374</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
	Note	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Equity			
Share capital		310	310
Share premium and reserves		174,083	170,734
Retained earnings		106,618	103,080
		<hr/>	<hr/>
Equity attributable to owners of the Company		281,011	274,124
Non-controlling interests		15,759	15,078
		<hr/>	<hr/>
Total equity		296,770	289,202
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Non-current liabilities			
Lease liabilities		1,893	1,961
Trade payables	12	6,576	9,458
Deferred income tax liabilities		7,785	7,268
		<hr/>	<hr/>
		16,254	18,687
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	12	61,115	58,842
Contract liabilities		132,814	112,906
Current income tax liabilities		2,096	3,217
Borrowings	13	40,045	18,000
Lease liabilities		193	520
		<hr/>	<hr/>
		236,263	193,485
		<hr/>	<hr/>
Total liabilities		252,517	212,172
		<hr/> <hr/>	<hr/> <hr/>
Total equity and liabilities		549,287	501,374
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 of Hong Kong Limited since 16 November 2022.

The Group are 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 consolidated financial statements are presented in RMB, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2024.

2 Summary of material accounting policy information

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”).

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost basis except that financial assets at fair value through profit or loss and investment properties are measured at fair value.

(c) *New and amended standards adopted by the Group*

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.

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023.

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	Insurance Contracts

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) *New and amended standards and interpretations not yet adopted*

The following new and amendments to accounting standards and interpretations that have been published but are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group:

	New standards, amendments and interpretations	Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	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	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
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has not early adopted the above mentioned new and amended standards and interpretations in these consolidated financial statements and will apply these new and amended standards and interpretations in accordance with their respective effective dates. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to the Group's material accounting policies or presentation of the Group's consolidated financial statements will be resulted.

3 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 consolidated financial statements. The Group's total revenues are all from domestic customers in the PRC. Accordingly, no geographical information is presented.

Revenue from external customers

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised at a point in time:		
Revenue from PNG sales	313,669	364,763
Revenue from CNG and LNG sales	26,393	27,057
Revenue from sales of gas-burning appliance	25,244	34,257
	<u>365,306</u>	<u>426,077</u>
Revenue recognised over time:		
Revenue from construction and installation services	<u>38,182</u>	<u>49,454</u>
Total	<u><u>403,488</u></u>	<u><u>475,531</u></u>

During the years ended 31 December 2023 and 2022, no revenue derived from transactions with a single customer representing 10% or more of the Group's total revenue.

4 Expenses by nature

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

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of natural gas	287,048	319,913
Materials used in construction and installation services	13,386	15,557
Cost of gas-burning appliance sold	14,499	18,815
Employee benefit expenses	9,044	8,426
Outsourced construction labour cost	5,110	5,618
Depreciation and amortisation		
– Property, plant and equipment	10,773	9,369
– Right-of-use assets	649	651
– Intangible assets	342	369
Professional and consulting fees	8,092	2,017
Repairs and maintenance costs	4,554	1,086
Auditor's remuneration	1,415	1,124
Taxes and surcharges	1,152	1,816
Utility costs	1,099	1,187
Vehicle costs	837	812
Listing expenses	—	17,077
Other expenses	6,845	5,035
Total cost of sales and administrative expenses	364,845	408,872

5 Other income

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income from a related party	3,578	3,578
Government subsidy	280	—
Others	46	—
	<u>3,904</u>	<u>3,578</u>

6 Other (losses)/gains, net

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Direct compensation for safety incident	(4,610)	—
Administrative penalty of safety incident	(1,163)	—
Fair value adjustment to investment properties	(900)	180
Net fair value gain on financial assets at fair value through profit or loss	354	—
Foreign exchange gains/(losses)	1,902	(814)
Others	(949)	649
	<u>(5,366)</u>	<u>15</u>

7 Finance income and costs, net

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income:		
– Bank deposits	1,218	172
– Loans to a related party	478	—
– Financing components recognised	739	571
	<hr/>	<hr/>
Total finance income	2,435	743
	<hr/> <hr/>	<hr/> <hr/>
Interest expense:		
– Bank borrowings	(453)	(1,410)
– Interest expense of lease liabilities	(150)	(166)
	<hr/>	<hr/>
Total finance costs	(603)	(1,576)
	<hr/> <hr/>	<hr/> <hr/>
Finance income and costs, net	1,832	(833)
	<hr/> <hr/>	<hr/> <hr/>

8 Income tax expense

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax:		
– PRC enterprise income tax	10,391	19,717
– Deferred income tax	517	188
	<hr/>	<hr/>
	10,908	19,905
	<hr/> <hr/>	<hr/> <hr/>

9 Dividends

As approved by the shareholders at the Annual General Meeting held on 16 June 2023, a final dividend of RMB0.039 (equivalent to HKD0.044) per ordinary share of the Company for the year ended 31 December 2022 was distributed to shareholders before 26 July 2023.

For details of the final dividend proposed by the Directors at the meeting held on 25 March 2024, please see the section headed “Final Dividend” in this announcement.

10 Earnings per share

Basic earnings per share for the years ended 31 December 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 year.

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	24,538	50,801
Weighted average number of issued ordinary shares	440,000,000	343,863,000
Basic earnings per share (expressed in RMB per share)	<u>0.06</u>	<u>0.15</u>

As the Company has no dilutive instruments during the year ended 31 December 2023 and 2022, the Group's diluted earnings per share equals to its basic earnings per share.

11 Trade and other receivables

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Trade receivables		
– Third parties	16,186	26,690
Less: provision for impairment of trade receivables	(906)	(505)
	<u>15,280</u>	<u>26,185</u>
Current		
Trade receivables		
– Related parties	3,879	3,286
– Third parties	53,366	34,225
Less: provision for impairment of trade receivables	(2,632)	(656)
	<u>54,613</u>	<u>36,855</u>
Trade receivables - net		
	<u>54,613</u>	<u>36,855</u>
Other receivables		
– Related parties	71,078	2,600
– Third parties	26,522	25,749
	<u>97,600</u>	<u>28,349</u>
Less: provision for impairment of other receivables	(25,786)	(25,404)
	<u>71,814</u>	<u>2,945</u>
Other receivables - net		
	<u>71,814</u>	<u>2,945</u>
	<u>126,427</u>	<u>39,800</u>
Total trade and other receivables, net	<u>141,707</u>	<u>65,985</u>

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

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	17,911	32,836
1 - 2 years	28,993	31,327
2 - 3 years	26,489	—
Over 3 years	38	38
	<u>73,431</u>	<u>64,201</u>

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

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

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	1,161	654
Provision	2,490	535
Reversal	(113)	(28)
	<u>3,538</u>	<u>1,161</u>

12 Trade and other payables

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Non-current		
Trade payables		
– Third parties	6,576	9,458
Current		
Trade payables		
– Third parties	40,800	38,384
– Related parties	664	712
	41,464	39,096
Other payables		
– Value-added tax payable	11,911	10,679
– Other taxes payable	760	374
– Amounts due to related parties	1,410	975
– Listing expenses payable	550	3,644
– Salaries and staff welfare payable	1,446	1,548
– Others	3,574	2,526
	19,651	19,746
	61,115	58,842
Total trade and other payables	67,691	68,300

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

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	13,010	24,941
1 - 2 years	16,576	22,708
2 - 3 years	17,641	176
Over 3 years	813	729
	<u>48,040</u>	<u>48,554</u>

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.

13 Borrowings

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Bank borrowings		
– Guaranteed by related parties	40,000	—
– Secured by properties	—	18,000
Interests payable	45	—
	<u>40,045</u>	<u>18,000</u>

As at 31 December 2023, bank borrowings of RMB40,000,000 were guaranteed by certain related parties. As at 31 December 2022, bank borrowings of RMB18,000,000 were secured by investment properties of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OPERATION REVIEW

INDUSTRY OVERVIEW

With the PRC government's continuing commitment to reducing air pollution and greenhouse gas emissions, natural gas is promoted as a cleaner fuel alternative to coal. With the implementation of the local "double carbon" development strategy since the 14th Five-Year Energy Development Plan of Shandong Province (《山東省能源發展“十四五”規劃》), the Shandong Provincial Energy Bureau formulated the "Guiding Opinions on Energy Work in Shandong Province in 2023" (《2023年全省能源工作指導意見》) in February 2023, which states a target level of natural gas supply in Shandong Province to reach approximately 23 billion m³ by the end of 2023. Such favourable government policies continue to be in place to encourage natural gas consumption in Gaomi City, where the Group operates.

In February 2023, the National Development and Reform Commission also released the Notice on Organising the Signing of Medium- and Long-term Natural Gas Contracts in 2023 (《關於組織簽訂2023年天然氣中長期合同的通知》). Natural gas distributors are required to enter into medium to long-term supply agreements with upstream natural gas suppliers, with a goal of ensuring stable and sufficient supply of natural gas to residents and enterprises at a price regulated by the government. This also aligns with the national policy to transform the country's energy usage from a high-carbon to low-carbon energy system. Local governments should also promptly provide financial subsidies to natural gas operators to secure steady operation of natural gas distribution.

In July 2023, the Shandong Development and Reform Commission issued the Notice on Improving the Upstream and Downstream Price Linkage Mechanism of Natural Gas (《關於健全完善天然氣上下游價格聯動機制的通知》). This seeks to better regulate upstream natural gas procurement prices and downstream natural gas selling prices, by applying a price linkage between the upstream and downstream prices. Such price linkage is allowed some flexibility of adjustment with reference to a weighted average procurement cost of natural gas, and is applied differently to residential and non-residential users. Such policy intends to minimise volatile natural gas price fluctuations in the market, while maintaining a relatively stable energy supply.

Continuing effort by the PRC government in boosting the use of clean energy sources has continued to stimulate wider use of natural gas and foster development of the natural gas industry. The Company expects that its business growth is benefited from the continuously favourable government policies and generally positive prospects of the natural gas industry as a whole.

DEVELOPMENT STRATEGY AND OUTLOOK

Leveraging on the Group's successful experience, track record and its commitment to align with government policies, the Group endeavours to ensure the safe operation of its natural gas facilities, further solidifying the level of gas operational safety management in an aim to safeguard market opportunities. The Group's business development is supported by strong customer base which grows steadily with the expansion of the Group's pipeline network. In order to continue capturing business opportunities, the Group considers enhancing its technological capacities and safety measures essential to support the Group's business operations. The Group is therefore committed to establishing and improving the gas safety operational management system and emergency response system, increasing the inspection of gas facilities, deepening gas safety training and education, strengthening the emergency management of gas accidents, improving the quality of gas accident investigation and handling, and enhancing the Company's scientific and technological strength and equipment management level to ensure the safe use of gas users. In line with government policies, the Group will continue to implement government subsidised clean energy construction projects to enhance access to natural gas supply of rural residents and enterprises of Gaomi City, thereby solidifying 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 Year, 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 Year, the Group's customers of its sale of PNG business included (a) retail customers which comprised 145,023 active residential PNG end-users, 369 active industrial PNG end-users and 4,968 active commercial PNG end-users, representing an increase/(decrease) of approximately 2.5%, (1.3)% and 21.4% from that as at the year end of 2022, respectively; and (b) two wholesale customers which are natural gas refuelling station operators in Gaomi City. The Group's sales volume of PNG amounted to approximately 89.4 million m³ for the Year, representing a decrease of approximately 11.7% as compared to that for the year ended 31 December 2022. As at the end of the Year, the Group's urban pipeline network was comprised of approximately 714.5 kilometres of completed mid-pressure pipelines.

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

The Group saw a slow start to 2023 as a result of a surge in COVID-19 infections in Gaomi City, which led to a general slowdown in business activities. Since March 2023, business activities in Gaomi City generally resumed and demand for natural gas gradually picked up. Nonetheless, looking at 2023 as a whole, China experienced an overall economic slowdown across a range of business sectors. The Group's largest portion of PNG customers are industrial PNG end-users, many of which operate textile or manufacturing factories. Such economic slowdown resulted in less manufacturing demand and hence weakened natural gas consumption. In addition, as the overall property market in China was on a downward trend in 2023, the Group was also affected by such property market condition. A reduction in property development and construction activities in Gaomi City, as well as delay in completion of certain clean energy projects during the second half of 2023, led to decreased demand for construction and installation services and sale of gas-burning appliances, which are business segments with relatively higher profit margins for the Group.

The Group's average PNG procurement prices were slightly higher in the first half of 2023, as compared to the same period in 2022, due to tight PNG supply.

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 Year, the total revenue of the Group generated from its PNG sales business was RMB313.7 million, representing a decrease of 14.0% as compared to RMB364.8 million for the year ended 31 December 2022. The Group's sales volume of PNG was approximately 89.4 million m³ for the Year, representing a decrease of 11.7% as compared to approximately 101.3 million m³ for the year ended 31 December 2022.

Sales to retail customers: Revenue generated from PNG sales to retail customers was RMB305.0 million for the Year, representing a decrease of 14.4% from RMB356.4 million for the year ended 31 December 2022. During the Year, PNG sales to industrial PNG end-users accounted for the largest portion of the Group's total PNG sales. During the Year, PNG sales volume to the Group's industrial, residential and commercial PNG end-users was 56.1 million m³, 24.6 million m³ and 5.6 million m³, respectively, accounting for approximately 65.0%, 28.5% and 6.5% of the Group's total PNG sales volume to retail customers. Comparatively, for the year ended 31 December 2022, PNG sales volume to industrial, residential and commercial PNG end-users was 72.1 million m³, 21.4 million m³ and 4.8 million m³, respectively, representing approximately 73.3%, 21.8% and 4.9% 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 (i) a decrease in revenue from sales to the Group's industrial PNG end-users resulting from the decline in productivity and business activities of industries under an overall economic slowdown; and (ii) a decrease in the Group's per unit price of PNG sold to industrial and commercial PNG end-users. The maximum non-residential regulatory PNG selling price had been lowered by the government from RMB5.00/m³ for the 2022-2023 heating season to RMB4.50/m³ for the 2023-2024 heating season. The decrease in revenue from sales to the Group's industrial PNG end-users was partially offset by the increase in revenue from sales to residential PNG end-users (from RMB56.2 million for the year ended 31 December 2022 to RMB66.0 million for the year).

Sales to our wholesale customers: Revenue generated from PNG sales to our wholesale customers remained relatively stable at RMB8.7 million for the Year as compared to RMB8.4 million for the year ended 31 December 2022. During the Year, PNG sales volume to our wholesale customers also remained relatively stable at 3.1 million m³, as compared to 3.0 million m³ for the year ended 31 December 2022.

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 Year, revenue of the Group generated from its CNG and LNG sales business remained relatively stable at RMB26.4 million, as compared to RMB27.1 million for the year ended 31 December 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 Year, revenue of the Group generated from its construction and installation services was RMB38.2 million, representing a decrease of 22.8% as compared to RMB49.5 million for the year ended 31 December 2022. Such decrease was primarily attributable to (i) a decrease in property development and construction works as affected by the general property market downturn in the PRC which also affected Gaomi City; and (ii) the delay in completion of certain clean energy projects during the second half of 2023.

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 Year, revenue of the Group generated from its sale of gas-burning appliances was RMB25.2 million, representing a decrease of 26.5% as compared to RMB34.3 million for the year ended 31 December 2022. Such decrease was primarily attributable to the delay in completion of certain clean energy projects as engaged by the local government in Gaomi City, which led to lower sales of gas-burning appliances during the second half of 2023.

FINANCIAL OVERVIEW

Revenue

The Group's revenue for the Year was RMB403.5 million, representing a decrease of 15.1% as compared to RMB475.5 million for the year ended 31 December 2022. The decrease in revenue was mainly attributable to (i) a decrease in revenue from the Group's sale of PNG, particularly in respect of non-residential PNG end-users due to a decrease in the per unit selling price of PNG to such end-users; (ii) a decrease in revenue generated from the Group's construction and installation services primarily attributable to a decrease in property development and construction works as affected by the general properties market downturn in the PRC; and (iii) a decrease in revenue generated from the Group's sale of gas-burning appliances the delay in completion of certain clean energy projects in Gaomi City during the second half of 2023.

Gross Profit

The Group's gross profit for the Year was RMB64.9 million, representing a decrease of 35.6% as compared to RMB100.7 million for the year ended 31 December 2022. The decrease in gross profit was mainly due to a decrease in revenue from the Group's sale of PNG for the reasons described above. The Group's gross profit margin declined from 21.2% for the year ended 31 December 2022 to 16.1% for the Year, primarily attributable to (i) the 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. Such slowdown in the Group's construction and installation services segment, which typically have a higher profit margin as prices are not fixed by the government, had subsisted throughout the Year as a result of a decline in construction and installation works carried out

for property developers under a weak PRC real estate market; (ii) a decline in the Group's sale of gas-burning appliances, in particular during the second half of 2023 brought by delay in completion of clear energy projects as aforementioned; and (iii) a decrease in the Group's profit margin for its PNG sales to PNG end-users primarily caused by a slight increase in the average procurement costs of PNG during the first half of 2023 as well as a reduction of the non-residential regulatory PNG selling price by the government for the 2023-2024 heating season.

Administrative expenses

The Group's administrative expenses for the Year was RMB26.3 million, representing a decrease of 22.6% as compared to RMB34.0 million for the year ended 31 December 2022. Such decrease was primarily because there was no Listing expenses incurred during the Year, as compared to RMB17.1 million during the year ended 31 December 2022, which was partially offset by an increase in professional and consulting fees of RMB6.1 million and repair and maintenance costs of RMB3.5 million during the Year.

(Provision)/reversal of net impairment losses on financial assets and contract assets

The Group recorded a provision of net impairment losses on financial assets and contract assets of RMB2.9 million during the Year, as compared to a reversal of net impairment losses on financial assets and contract assets of RMB2.5 million during the year ended 31 December 2022. This was primarily due to (i) provisions of net impairment losses in relation to current and non-current trade receivables of RMB2.4 million during the Year (2022: RMB0.5 million); and (ii) a provision of net impairment losses in relation to other receivables of RMB0.4 million during the Year as compared to a reversal of that of RMB3.0 million in 2022.

Other Income

The Group's other income for the Year was RMB3.9 million, representing an increase of 8.3% as compared to RMB3.6 million for the year ended 31 December 2022. The Group's other income was higher for the Year because it received a one-off listing subsidy from the government of RMB280,000 for the Company's listing on the Main Board of the Stock Exchange in 2022.

Other (losses)/gains, net

The Group recorded other net losses for the Year amounting RMB5.4 million, as compared to other net gains of RMB15,000 for the year ended 31 December 2022. This was primarily attributable to other losses incurred by (i) direct compensation for safety incident of RMB4.6 million; and (ii) administrative penalty of safety incident of RMB1.2 million, both of which were related to the payment of fines, penalties and compensations in relation to the Incident (as defined below).

Finance Costs

The Group's finance costs for the Year were RMB0.6 million, representing a decrease of 62.5% as compared to RMB1.6 million for the year ended 31 December 2022. This was primarily because certain loans were drawn down in December 2023, resulting in a decrease in interest expense arising from the Group's bank borrowings.

Income Tax Expense

The Group's income tax expense for the Year was RMB10.9 million, representing a decrease of 45.2% as compared to RMB19.9 million for the year ended 31 December 2022. Such decrease was primarily attributable to a decrease in the Group's profit before income tax. The effective tax rate for the Year was 30.2% (the effective tax rate for the year ended 31 December 2022 was 27.7%).

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company for the Year was RMB24.5 million, representing a decrease of 51.8% as compared to RMB50.8 million for the year ended 31 December 2022, which was mainly due to a decrease in the Group's revenue and gross profits, other net losses recorded during the Year and a provision of net impairment losses on financial assets and contract assets as mentioned above.

Trade and Other Receivables

The Group's trade and other receivables was RMB141.7 million as at 31 December 2023, representing an increase of 114.7% as compared to RMB66.0 million as at 31 December 2022, primarily because of (i) an outstanding balance of other receivables due from a related party in relation to loans advanced by Jiaoyun Gas, a wholly-owned subsidiary of the Company, the principal amount of which was approximately RMB68 million; and (ii) an increase in the outstanding balance to be settled in relation to certain clean energy projects amounting from RMB4.9 million.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss for the Year amounted to RMB9.4 million, primarily resulting from the Company's subscription of 3,058,000 shares of Seacon Shipping Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2409) at a consideration of HKD10.1 million (equivalent to RMB8.8 million), as compared to nil for the year ended 31 December 2022.

Trade and Other Payables

The Group's trade and other payables remained relatively stable at RMB67.7 million as at 31 December 2023, as compared to RMB68.3 million as at 31 December 2022.

Liquidity and Financial Position

The Group's current assets amounted to RMB302.4 million as at 31 December 2023, representing an increase of 21.9% as compared to RMB248.0 million as at 31 December 2022. As at 31 December 2023, the Group's cash and bank balances amounted to RMB127.5 million.

As at 31 December 2023, the current ratio (current assets/current liabilities) of the Group was 128.0% (128.2% as at 31 December 2022) and the debt ratio of the Group (total liabilities/total assets) was 46.0% (42.3% as at 31 December 2022). As at 31 December 2023, the Group's utilised bank loans amounted to RMB40.0 million, all of which were denominated in RMB, bearing an average annual interest rate of 4.4%. As at 31 December 2023, the Group had unutilised bank credit amounting to RMB20 million. As at 31 December 2023, the Group had lease liabilities of RMB2.1 million, of which RMB0.2 million is analysed as current portion, and RMB1.9 million is analysed as non-current portion.

The gearing ratio of the Group was 14.2% as at 31 December 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 31 December 2023, the Group maintained a net cash position.

Exchange Rate Fluctuation Risk

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

Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities.

Financial Guarantee Obligations

As at 31 December 2023, the Group had no material financial guarantee obligations.

Pledge of Assets

As at 31 December 2023, none of the assets of the Group were pledged (RMB69.9 million as at 31 December 2022).

Significant Investment

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

Material Acquisition and Disposal

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

Human Resources and Employee Compensation

As at 31 December 2023, the Group employed a total of 136 employees in the PRC as compared to 102 as at 31 December 2022. During the Year, the total employee costs of the Group were RMB9.0 million. The Group manages its personnel actively, including but not limited to providing training on relevant policies and regulations, safety management and professional knowledge in order to improve management skills, strengthen employees' professional skills and enhance the competitiveness of the Group.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 31 October 2023 and 19 March 2024, which provided details and subsequent updates of 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 on 13 August 2023 (the “**Incident**”). Since the announcement dated 31 October 2023 and up to the date of this announcement, the Group was required to bear a direct compensation of approximately RMB4.6 million in aggregate in relation to the Incident.

Reference is made to the announcement of the Company dated 8 March 2024, which mentioned a series of loans provided from Jiaoyun Gas to Gaomi Jiaoyun Property Co., Ltd.* (高密市交運置業有限公司) (“**Jiaoyun Property**”) constituting a major transaction and a non-exempt connected transaction of the Company. As of 31 December 2023, the Group recorded an outstanding loan balance of RMB68.0 million and related interest receivables due from Jiaoyun Property of RMB478,000 in relation to such loans. All such outstanding loan balance and related interest were repaid and fully settled by Jiaoyun Property on 5 March 2024.

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

MATERIAL LITIGATION

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

NET PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange (“**Listing**”) on 16 November 2022 (the “**Listing Date**”), 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 31 December 2023:

Designated use of Net Proceeds	% of Net Proceeds	Net Proceeds from the Global Offering			Expected to be utilised prior to the following date
		Allocated amount (RMB million)	Utilised (RMB million)	Unutilised (RMB million)	
Expanding the sale of PNG business through construction of new mid-pressure pipelines of approximately 101.0 km in the Operating Area	48.5%	49.1	10.8	38.3	By the end of 2025
Upgrading approximately 43.4 km of the urban pipeline network	20.5%	20.7	2.7	18.0	By the end of 2025
Replacing existing gas meters with Goldcard Meters for over 19,500 households in the Operating Area	6.9%	7.0	5.1	1.9	By the end of 2024
Construction of an aggregate of approximately 18.0 km PNG end-user pipelines that connect the urban pipeline network for implementing the Clean Energy Projects to serve over 5,500 households in the Operating Area	14.1%	14.3	5.4	8.9	By the end of 2025
Working capital and other general corporate purposes	10.0%	10.1	3.5	6.6	By the end of 2025

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

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

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

The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group and has reviewed the Group's audited consolidated results for the Year.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto in this results announcement of the Group for the year ended 31 December 2023 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend (the “**Final Dividend**”) of HK\$0.033 per ordinary share of the Company for the Year (2022: RMB0.039 (equivalent to HK\$0.044)), which will be paid out of the Company’s share premium account. The Final Dividend shall be subject to the approval of the shareholders of the Company and such dividend is expected to be paid on or before Friday, 9 August 2024 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 25 June 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**2024 AGM**”) will be held on Friday, 14 June 2024. Notice of the 2024 AGM will be published and issued to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Company’s shareholders to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 7 June 2024, for registration.

For the purposes of determining the entitlement of the Company's shareholders to the proposed Final Dividend, the register of members of the Company will be closed from Friday, 21 June 2024 to Tuesday, 25 June 2024 (both days inclusive), during which no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 20 June 2024, for registration.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gmjytrq.com). The annual report for the Year will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched (if requested) to shareholders of the Company in due course.

(2) ADOPTION OF REVISED DIVIDEND POLICY

The below is made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Board would like to announce that on 25 March 2024 it has resolved to revise the dividend policy of the Company (the "**Revised Dividend Policy**") with immediate effect from 25 March 2024 and which will apply to the proposed final dividend of the Company for the year ended 31 December 2023.

According to the Revised Dividend Policy, the Group intends to declare and distribute not less than 50% of its net profit for a given year as dividends to the shareholders of the Company. Any future determination to declare and pay any dividends would require the approval of the Board and will be at their discretion. The Board will review the dividend policy from time to time and determine whether dividends are to be declared and paid based on future results of operations, capital requirements and surplus, general business and financial conditions and other factors of the Company that the Directors consider relevant. In addition, any final dividend for a financial year will be subject to shareholders' approval and the relevant laws.

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company, all applicable laws and regulations and the Revised Dividend Policy.

The dividend policy will be reviewed by the Board from time to time as appropriate.

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

Hong Kong, 25 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.