BEIJING GAS BLUE SKY HOLDINGS LIMITED
北 京 燃 氣 藍 天 控 股 有 限 公 司

(formerly known as Blue Sky Power Holdings Limited)
(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 6828)
(Singapore Stock Code: UQ7)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Beijing Gas Blue Sky Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2016 together with comparative figures for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations			
Revenue		**633,776**	105,834
Cost of sales		**(586,621)**	(110,732)
Gross profit/(loss)		**47,155**	(4,898)
Other gains and losses	*6*	**77,708**	6,083
Other income	*7*	**7,013**	2,697
Administrative expenses		**(123,054)**	(85,370)
Other expenses		**(12,971)**	(4,399)
Finance costs	*8*	**(95,743)**	(32,023)
Share of loss of associates		**(10,599)**	(316)
Share of loss of joint ventures		**(2,499)**	(771)
Gain on deemed partial disposal of an associate		**3,830**	–
Gain recognised on deemed disposal of subsidiaries		**208,664**	135,207
Profit before income tax	*9*	**99,504**	16,210
Income tax (expense)/credit	*10*	**(378)**	4,999
Profit for the year from continuing operations		**99,126**	21,209
Discontinued operation			
Loss for the year from discontinued operation	*11*	**(13,831)**	(14,306)
Profit for the year		**85,295**	6,903
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Exchange loss arising on translation to presentation currency		**(27,095)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of foreign operations		**(38,678)**	(695)
		(65,773)	(695)
Total comprehensive income for the year		**19,522**	6,208

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
Profit for the year attributable to			
Owners of the Company			
Continuing operations		**112,984**	31,466
Discontinued operation		**(13,108)**	(14,306)
		99,876	17,160
Non-controlling interests		**(14,581)**	(10,257)
		85,295	6,903
Total comprehensive income for the year attributable to:			
Owners of the Company		**37,029**	14,167
Non-controlling interests		**(17,507)**	(7,959)
		19,522	6,208
Earnings per share	*13*		(restated)
From continuing and discontinued operations			
– Basic		**HK1.28 cents**	HK0.33 cents
– Diluted		**HK1.27 cents**	HK0.33 cents
From continuing operations			
– Basic		**HK1.45 cents**	HK0.60 cents
– Diluted		**HK1.44 cents**	HK0.60 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Prepaid lease payments		**20,061**	22,204
Property, plant and equipment		**240,476**	295,549
Investment properties		**103,447**	26,820
Intangible assets		**549,296**	564,357
Goodwill		**856,887**	501,470
Interests in associates		**214,913**	224,169
Interests in joint ventures		**419,643**	92,405
Deposits for acquisition of subsidiaries		**944,248**	169,169
Deposits for acquisitions of property, plant and equipment		**84,012**	82,177
Prepayment		**11,687**	16,557
Financial assets at fair value through profit or loss		**47,278**	–
Promissory note receivables		**26,849**	–
Available-for-sale investments		**134,801**	104,671
Other non-current assets		**456**	545
		3,654,054	2,100,093
Current assets			
Prepaid lease payments		**728**	820
Inventories		**8,642**	1,763
Trade and other receivables	*14*	**312,572**	134,651
Amounts due from non-controlling shareholders of subsidiaries		**18,562**	18,509
Amounts due from joint ventures		**65,978**	51,090
Tax recoverable		**1,590**	1,590
Promissory notes receivables		**10,000**	–
Financial assets at fair value through profit or loss		**125,527**	–
Cash and bank balances		**91,426**	102,737
		635,025	311,160
Current liabilities			
Trade and other payables	*15*	**140,636**	77,206
Bank borrowings	*16*	**–**	3,694
Obligation under finance leases		**2,143**	5,355
Convertible bonds		**108,709**	91,157
Embedded derivatives at fair value through profit or loss		**60,875**	3,394
Amounts due to non-controlling shareholders of a subsidiary		**–**	14,062
Amount due to an associate		**–**	31,700
Amounts due to joint ventures		**8,998**	–
		321,361	226,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Net current assets		**313,664**	84,592
Total assets less current liabilities		**3,967,718**	2,184,685
Capital and reserves			
Share capital	*17*	**529,915**	335,480
Reserves		**2,677,956**	1,200,842
Equity attributable to owners of the Company		**3,207,871**	1,536,322
Non-controlling interests		**67,823**	193,423
Total equity		**3,275,694**	1,729,745
Non-current liabilities			
Obligations under finance leases		**1,820**	9,034
Other borrowings	*16*	**293,000**	182,500
Convertible bonds		**260,752**	127,488
Deferred tax liabilities		**136,452**	135,918
		692,024	454,940
		3,967,718	2,184,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. Its shares are primary listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and secondary listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

The address of its registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1411, 14/F., New World Tower I, 16-18 Queen's Road Central, Hong Kong respectively.

Pursuant to a special resolution passed on 2 December 2016, the name of the Company has been changed from "Blue Sky Power Holdings Limited"（藍天威力控股有限公司）to "Beijing Gas Blue Sky Holdings Limited"（北京燃氣藍天控股有限公司）with effect from 9 December 2016.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in sales and distribution of natural gas and other related products.

During the year ended 31 December 2016, the Group discontinued its operation in sales of book and specialised products (the "Printing Business") and is principally engaged in sales and distribution of natural gas and other related products in the People's Republic of China (the "PRC"). The directors of the Company reassessed the functional currency of the Company and it is considered that Renminbi ("RMB") better reflects the underlying transactions of the primary economic environment of the Company as the existing subsidiaries are substantially operated in the PRC and the future investment plans of the Company will also be focused mainly in the PRC. Accordingly, the directors of the Company determined that functional currency of the Company has changed from Hong Kong dollar ("HK$") to RMB effective from 28 October 2016. For the convenience of the consolidated financial statements users, the consolidated financial statements have been presented in HK$, as the Company's shares are primary listed in Hong Kong.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs for the first time in the current year.

Amendments to IFRS 11	*Accounting for Acquisitions of Interest in Joint Operations*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRSs	*Annual Improvements to IFRSs 2012-2014 Cycle*

The adoption of these amendments to IFRSs had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related amendments[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfer of Investment Property[1]
Amendments to IFRS	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

IFRS 9 "Financial instruments"

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of IFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. (The Group's investments in equity securities of private company that are currently classified as available for sale investment may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss.) In addition, the expected credit loss model may result in only provision of credit loss which are not yet incurred in relation to the Group's financial assets measured of amortised cost. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the International Accounting Standard Board ("IASB") issued classifications to IFRS15 in relation to the identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported, and more disclosures relating to revenuers required. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review. In addition, the application of IFRS15 in the future may result in more disclosures in the consolidated financial statements.

IFRS 16 "Leases"

IFRS 16, which upon the effective date will supersede IAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flow. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under IAS 17.

Upon the adoption of IFRS 16, the directors of the Company expect that the commitments in future will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities and it may have financial impact to the results of the Group. However, it is not practicable to provide a reasonable estimate of the effect on the Group's results until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact in the results and the financial position of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance. The financial information in this announcement do not include all the information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

4. SEASONALITY OF OPERATIONS

Seasonal fluctuation exists in our natural gas business. The demand is generally higher in the second half of the year due to the winter heating consumption.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature of the goods being sold. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

In previous years, specifically, the Group's reported and operating segments under IFRS 8 are as follows:

1. Sales of natural gas and other related products

2. Sales of book and specialised products

During the year, a reportable and operating segment of the Group, namely "Sales of book and specialised products" was discontinued as the Group has resolved to dispose it as detailed in note 11. The Group currently re-organises into the following major operating segments from continuing operations, each of which represents an operating and reportable segment of the Group:

1. Natural gas for transportation – operation of CNG and LNG refueling stations for vehicles

2. Trading and distribution of natural gas – distributing and trading CNG and LNG as a wholesaler and sales agent to industrial and commercial users through direct supply facilities

3. City Gas and other related products – sale of natural gas to residential, industrial and commercial users through pipelines, pipeline connection fees and other related products, such as sale of electricity, transportation income, rental income and other income from value-added services

Accordingly, the segment information reported below has been restated to conform with the current year presentation.

There are no inter segment sales for the year ended 31 December 2015.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2016

Continuing operations

	Natural gas for transportation *HK$'000*	Trading and distribution of natural gas *HK$'000*	City Gas and other related products *HK$'000*	Consolidated *HK$'000*
External segment revenue	**75,775**	**529,102**	**28,899**	**633,776**
Inter–segment sales	**–**	**4,567**	**–**	**4,567**
	75,775	**533,669**	**28,899**	**638,343**
Segment profit	**4,313**	**11,956**	**189,073**	**205,342**
Other income and other gains and losses				**84,721**
Central corporate expenses				**(94,533)**
Finance costs				**(95,743)**
Share of loss of certain associate				**(283)**
Profit before income tax				**99,504**

Segment profit for the year ended 31 December 2016 consists of gain recognised on deemed disposal of subsidiaries of HK$208.7 million:

(i) Disposal of 25% equity interests in Wuhan Zheng Weili Co. Ltd., a non-wholly owned subsidiary, at a cash consideration of RMB7,500,000 (the "Wuhan Disposal") to an independent third party. On the same date, the Company and the other two independent third parties entered into joint venture agreement which resulted in a loss of control of Wuhan Zheng Weili Co. Ltd.. Accordingly, Wuhan Disposal was treated as deemed disposal of 75% owned subsidiary at a deemed fair value of RMB22,500,000 (equivalent to HK$26,775,000), resulting in a deemed gain of disposal of subsidiaries of HK$17.9 million; and

(ii) Disposal of 16% equity interests in New Phoenix Global Limited, at a cash consideration of HK$45,000,000 (the "New Phoenix Disposal"). On the same date, the Company and the other two independent third parties entered into shareholders agreement which resulted in a loss of control of New Phoenix Global Limited. Accordingly, the New Phoenix Disposal was treated as deemed disposal of 73% owned subsidiary at a deemed fair value of HK$205,313,000, resulting in a deemed gain of disposal of subsidiaries of HK$190.8 million.

For the year ended 31 December 2015 (restated)

	Natural gas for transportation HK$'000	Trading and distribution of natural gas HK$'000	City Gas and other related products HK$'000	Consolidated HK$'000
Segment revenue	70,452	373	35,009	105,834
Segment (loss)/profit	(16,167)	7	118,851	102,691
Other income and other gains and losses				8,780
Central corporate expenses				(61,704)
Finance costs				(32,023)
Share of loss of certain associate				(1,534)
Profit before income tax				16,210

Segment profit for the year ended 31 December 2015 consisted of a gain recognised on deemed disposal of subsidiaries of HK$135,207,000. The amount represented the gain on disposal of 15% equity interest in Brightjet Global Limited and the gain on disposal of 26.56% equity interest in My Palace Trading Limited.

Segment profit/(loss) represents the profit/(loss) from by each segment without allocation of other income and other gains and losses, central corporate expenses (including but not limited to directors' emoluments), finance costs, share of loss of certain associate and income tax expense/(credit). This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Natural gas for transportation	**1,809,033**	892,040
Trading and distribution of natural gas	**526,118**	142,527
City Gas and other related products	**1,301,443**	888,871
Discontinued operation		
Sales and distribution of book and specialised products	**115,946**	149,033
Total segment assets	**3,752,540**	2,072,471
Certain interests in an associate	**–**	45,888
Prepayment	**11,687**	16,557
Available-for-sale investments	**134,801**	104,671
Cash and bank balances	**91,426**	102,737
Property, plant and equipment for corporate use	**2,925**	4,269
Promissory notes receivables	**36,849**	–
Financial assets at fair value through profit or loss	**172,805**	–
Prepaid lease payments for corporate use	**–**	5,066
Other unallocated assets	**86,046**	59,594
Consolidated assets	**4,289,079**	2,411,253

Segment liabilities

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Natural gas for transportation	**115,603**	137,923
Trading and distribution of natural gas	**70,350**	10,517
City Gas and other related products	**74,882**	103,149
Discontinued operation		
Sales and distribution of book and specialised products	**2,235**	15,366
Total segment liabilities	**263,070**	266,955
Convertible bonds	**369,461**	218,645
Bank and other borrowings	**293,000**	186,194
Embedded derivatives at fair value through profit or loss	**60,875**	3,394
Certain obligation under finance leases	**3,963**	1,181
Other unallocated liabilities	**23,016**	5,139
Consolidated liabilities	**1,013,385**	681,508

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating and reportable segments (other than financial assets at fair value through profit or loss, promissory notes receivables, prepayment, available-for-sale investments, certain interests in an associate, cash and bank balances, prepaid lease payments for corporate use and property, plant and equipment for corporate use); and

- all liabilities are allocated to operating and reportable segments (other than bank and other borrowings, convertible bonds, embedded derivatives at fair value through profit or loss and certain obligation under finance leases).

The Group has allocated goodwill to the relevant segments as segment assets.

Other segment information

For the year ended 31 December 2016

	Continuing operations				Discontinued operation		
	Natural gas for transportation	Trading and distribution of natural gas	City Gas and other related products	Continuing operations total	Sales of book and specialised products	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or segment assets:							
Addition to non-current assets (excluding intangible assets and goodwill)	675,351	91,169	436,561	1,203,081	89,278	318,653	1,611,012
Addition to intangible assets	–	29,564	–	29,564	–	–	29,564
Addition to goodwill	113,594	241,823	–	355,417	–	–	355,417
Depreciation of property, plant and equipment	10,358	601	4,756	15,715	3,786	1,556	21,057
Amortisation of investment properties	–	–	–	–	3,558	–	3,558
Amortisation of prepaid lease payments	822	–	–	822	100	66	988
Amortisation of intangible assets	9,148	1,800	11,688	22,636	–	–	22,636
Gain on deemed partial disposal of an associate	–	–	3,830	3,830	–	–	3,830
Gain recognised on deemed disposal of subsidiaries	17,850	–	190,814	208,664	–	–	208,664

For the year ended 31 December 2015

	Continuing operations						
	Natural gas for transportation *HK$'000*	Trading and distribution of natural gas *HK$'000*	City Gas and other related products *HK$'000*	Continuing operations total *HK$'000*	Discontinued operation Sales of book and specialised products *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:							
Addition to non-current assets (excluding intangible assets and goodwill)	282,977	151,798	174,737	609,512	600	188,073	798,185
Addition to intangible assets	137,906	–	–	137,906	–	–	137,906
Addition to goodwill	69,019	64,194	50,714	183,927	–	–	183,927
Depreciation of property, plant and equipment	11,508	–	7,244	18,752	4,132	716	23,600
Amortisation of investment properties	–	–	–	–	1,044	–	1,044
Amortisation of prepaid lease payments	201	–	–	201	100	30	331
Amortisation of intangible assets	20,112	–	564	20,676	–	–	20,676
Net loss on disposal of property, plant and equipment	–	–	–	–	2,645	74	2,719
Gain recognised on deemed disposal of subsidiaries	–	–	135,207	135,207	–	–	135,207
Impairment losses on trade receivables	–	–	–	–	94	–	94

Geographical information

The Group's operations are located in the PRC (country of domicile) including Hong Kong.

Information about the Group's revenue from external customers from continuing operations is presented based on customers' location of the operations.

	Revenue from external customers	
	2016	2015
	HK$'000	*HK$'000*
		(restated)
The PRC	**633,776**	105,834

Other than interests in an associate, which is located in Australia, the Group's non-current assets (excluding financial instruments) are mainly located in the PRC.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group from continuing operations are as follows:

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Customer A[1]	**162,940**	N/A
Customer B[2]	**N/A**	13,497

Notes:

1 Revenue related to trading and distribution of natural gas segment.
2 Revenue related to natural gas for transportation segment.

6. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Government grants	**4,524**	–
Investment income *(note)*	**31,666**	–
Impairment losses on trade receivables	**–**	(94)
Net exchange gain	**26,627**	84
Net loss on disposal of property, plant and equipment	**–**	(74)
Change in fair value of embedded derivatives at fair value through profit or loss	**(173)**	6,167
Change in fair value of financial assets at fair value through profit or loss	**15,064**	–
	77,708	6,083

Note: During the year, the Group acquired 100% equity interest in Lasermoon Limited and Shenzhen Lanran Technology Service Co., Ltd., both are online business to business and business to customer platform service providers, and subsequently disposed of the entire interests to two independent third parties at consideration of HK$27,041,000 and HK$5,550,000 respectively. Investment income of HK$25,852,000 and HK$5,814,000 are recognised in the profit or loss.

7. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Interest income	**5,410**	138
Rental income	**606**	–
Sundry income	**997**	2,559
	7,013	2,697

8. FINANCE COSTS

	2016 *HK$'000*	2015 *HK$'000* (restated)
Continuing operations		
Finance charges on obligations under finance leases	**738**	1,172
Interest on other borrowings	**15,188**	9,012
Interest on amount due to an associate	**2,304**	950
Interest on convertible notes	**–**	11,688
Interest on convertible bonds	**77,513**	9,201
	95,743	32,023

9. PROFIT BEFORE INCOME TAX

	2016 *HK$'000*	2015 *HK$'000* (restated)
Continuing operations		
Profit before income tax is arrived at after charging:		
Auditor's remuneration	**1,900**	1,670
Amortisation of intangible assets*	**22,636**	20,676
Cost of inventories recognised as expense*	**586,621**	110,732
Depreciation of property, plant and equipment#	**17,271**	19,468
Employee benefit expenses* (including directors' emoluments)		
– Salaries and allowances	**53,862**	39,533
– Contribution to defined contribution plans	**8,017**	6,753
– Share-based payment (included in administrative expenses)	**7,905**	8,032
	69,784	54,318
Amortisation of prepaid lease payments	**888**	231
Operating lease charges on premises	**7,746**	4,925
Legal and professional fees (included in other expenses)	**11,891**	4,399

* Included in cost of inventories are depreciation of property, plant and equipment, amortisation of intangible assets and employee benefit expenses of HK$26,821,000 (2015: HK$20,850,000), which have also been included in the respective total amounts as disclosed above.

Depreciation of property, plant and equipment disclosed above included depreciation on leased assets of HK$2,415,000 (2015: HK$1,100,000).

10. INCOME TAX (EXPENSE)/CREDIT

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax – PRC Enterprise Income Tax ("EIT")	**(6,037)**	–
Deferred tax	**5,659**	4,999
Total income tax (expense)/credit	**(378)**	4,999

No Hong Kong Profits Tax has been provided as the Company and its subsidiaries did not generate any assessable profits in Hong Kong for both years.

Under the Law of the PRC EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

11. DISCONTINUED OPERATION

On 4 September 2015, the directors of the Company resolved that the Printing Business will be faded out. On 27 June 2016, the Company entered into the sale and purchase agreement with an independent third party in relation to the proposed disposal of 25% equity interest in Legon Ventures Limited, a subsidiary of the Company, at a consideration of HK$16,500,000 of which HK$10,000,000 was settled by promissory note and HK$6,500,000 was settled by cash (the "Printing Business Disposal"). Details are set out in the Company's announcement dated 27 June 2016. Legon Ventures Limited and its subsidiaries are mainly engaged in sales of book and specialised products. The Printing Business Disposal was approved by the shareholders of the Company at the special general meeting held on 20 September 2016 and completed on 28 October 2016. The directors of the Company consider that the Printing Business is fading out and are of the view that it is appropriate to classify the reportable and operating segment namely "Sales of book and specialised products" as discontinued operation.

The loss for the year from the discontinued operation in respect of the Printing Business is analysed as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue	**–**	107,289
Cost of sales	**–**	(99,658)
Gross profit	**–**	7,631
Other income	**1,022**	1,395
Other expenses	**(137)**	(449)
Other gains and losses	**–**	3,295
Selling and distribution costs	**–**	(4,912)
Administrative expenses	**(14,710)**	(20,896)
Finance costs - interest on trust receipts loans	**(6)**	(370)
Loss before tax	**(13,831)**	(14,306)
Income tax expense	**–**	–
Loss for the year from discontinued operation	**(13,831)**	(14,306)

Loss for the year from discontinued operation has been arrived at after charging (crediting):

	2016	2015
	HK$'000	*HK$'000*
Amortisation of investment properties	**3,558**	1,044
Amortisation of prepaid lease payments	**100**	100
Auditor's remuneration	**30**	30
Depreciation of property, plant and equipment	**3,786**	4,132
Cost of inventories recognise as expense #	**–**	99,658
Employee benefit expenses		
– Salaries and allowance	**2,862**	31,582
– Contribution to defined contribution plans	**54**	218
Sub total	**2,916**	31,800

\# For the year ended 31 December 2015, included in cost of inventories were depreciation of property, plant and equipment and employee benefit expenses of HK$34,109,000, which have also been included in the respective total amounts as disclosed above.

12. DIVIDEND

The Board did not recommend a payment of dividend for the years ended 31 December 2015 and 2016.

13. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**99,876**	17,160

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,779,977,895**	5,249,341,262
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**46,798,899**	935,061
Convertible bond issued by the Company	**12,412,210**	–
	59,211,109	935,061
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,839,189,004**	5,250,276,323

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2016 *HK$'000*	2015 *HK$'000*
Earnings		
Profit for the year attributable to the owners of the Company	**99,876**	17,160
Add: Loss for the year from the discontinued operation	**13,108**	14,306
Earnings for the purpose of basis and diluted earnings per share from continuing operations	**112,984**	31,466

The denominators used are the same as these detailed above for basic and diluted earnings per share from continuing and discontinued operations.

From discontinued operation

Basic loss per share from discontinued operation is HK0.17 cents per share (2015: HK0.27 cents per share) and diluted loss per share from the discontinued operation in HK0.17 cents per share (2015: HK0.27 cents per share), based on the loss for the year from discontinued operation of HK$13,108,000 (2015: HK$14,306,000) and the denominators detailed above for both basic and diluted loss per share.

14. TRADE AND OTHER RECEIVABLES

	Notes	2016 *HK$'000*	2015 *HK$'000*
Trade receivables		**91,900**	61,622
Less: Impairment losses	*(a)*	**(4,063)**	(4,063)
Trade receivables – net	*(b), (c)*	**87,837**	57,559
Prepayments and other receivables	*(d)*	**224,735**	77,092
		312,572	134,651

Notes:

(a) Movements in the Group's impairment losses on trade receivables are as follows:

	2016 *HK$'000*	2015 *HK$'000*
At 1 January	**4,063**	3,969
Impairment losses recognised	**–**	94
At 31 December	**4,063**	4,063

At each reporting date, the Group reviews its trade receivables for impairment on both an individual and collective basis. As at 31 December 2016, the Group determined trade receivables of HK$4,063,000 (2015: HK$4,063,000) as individually impaired. Based on this assessment, no impairment losses (2015: HK$94,000) are recognised during the year. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments or have been past due for more than one year and have not responded to repayment demands.

The Group does not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

(b) The Group generally allows a credit period of 30 to 120 days (2015: 30 to 120 days) to its trade customers for printing business and a credit period of 30 to 90 days to its trade customers for natural gas business. Before accepting any new customers, the Group performs credit check to assess the potential customer's credit quality and defines credit limits by customers. Based on invoice dates, which approximate the respective revenue recognition dates, ageing analysis of trade receivables (net of impairment losses) was as follows:

	2016 ***HK$'000***	2015 *HK$'000*
0 – 90 days	**86,584**	48,482
91 – 120 days	**2**	8,622
121 – 180 days	**102**	25
181 – 365 days	**1,149**	–
Over 365 days	**–**	430
	87,837	57,559

(c) Ageing analysis of trade receivables that were not impaired, based on due date, is as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Neither past due nor impaired	**86,584**	48,482
0 – 90 days past due	**–**	8,647
91 – 180 days past due	**104**	–
Over 181 days	**1,149**	430
	87,837	57,559

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral over these balances.

(d) The balance as at 31 December 2016, included (i) prepayment of purchase of natural gas of HK$87,803,000 (31 December 2015: HK$5,202,000); (ii) a loan receivable of HK$23,784,000 (31 December 2015: HK$18,699,000). The loan receivable is short term loan advance to an independent third party, which is unsecured, interest bearing at 12% per annum and repayable within one year. The Group reviewed the recoverable amount of the loan receivable at the end of the reporting period and considered no impairment losses are required; and (iii) the consideration receivable of HK$45,000,000 arising from the disposal of New Phoenix Global Limited. (31 December 2015: consideration receivable of HK$19,000,000 arising from the Sichuan project).

15. TRADE AND OTHER PAYABLES

	Notes	2016 HK$'000	2015 HK$'000
Trade payables	(a)	**29,286**	17,495
Accrued charges and other creditors	(b)	**61,915**	18,858
Construction cost payables		**30,338**	38,465
Trade deposits received		**19,097**	2,388
		140,636	77,206

Notes:

(a) The Group was granted by its suppliers credit periods ranging from 30 to 120 days (2015: 30 to 120 days). Based on invoice dates, ageing analysis of trade payables was as follows:

	2016 HK$'000	2015 HK$'000
0 – 90 days	**26,067**	7,602
91 – 180 days	**–**	5,342
Over 365 days	**3,219**	4,551
	29,286	17,495

(b) The balance as at 31 December 2016 included commission payable of HK$10,000,000 in relation to the issue of convertible bonds on 30 December 2016.

16. BANK AND OTHER BORROWINGS

	2016 HK$'000	2015 HK$'000
Secured trust receipt loans	**–**	3,694
Unsecured corporate bonds *(note)*	**293,000**	182,500
	293,000	186,194
Carrying amount repayable*:		
Within one year	**–**	3,694
More than one year, but not exceeding two years	**–**	–
More than two years, but not exceeding five years	**225,000**	106,500
More than five years	**68,000**	76,000
	293,000	186,194
Less: Amounts due within one year or contain a repayment on demand clause shown under current liabilities	**–**	(3,694)
Amounts shown under non-current liabilities	**293,000**	182,500
Carrying amount of bank borrowings that are repayable within one year and contain a repayment on demand clause	**–**	3,694

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Note: The unsecured corporate bonds issued by the Company during the year ended 31 December 2016 amounted to HK$110,500,000 (2015: HK$161,000,000). The unsecured bonds have maturity of three to eight years (2015: five to eight years) until 2024 (2015: 2023) and carry interest at 4.8% to 8% (2015: 5% to 8%) per annum. Transaction costs of approximately HK$11,050,000 (2015: HK$18,508,000) have been incurred and the corporate bonds carry effective interest at 7.5% (2015: 7.7%) per annum.

As at 31 December 2015, the secured trust receipt loans were interest-bearing at floating rates. The effective interest rate as at the reporting date was 3.10% per annum.

17. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.055 each		
Authorised share capital		
At 1 January 2015, 31 December 2015 and 2016	91,000,000,000	5,005,000
Issued and fully paid share capital		
At 1 January 2015	4,658,605,900	256,223
Issue of shares by way of placing *(note i)*	262,500,000	14,438
Issue of shares upon conversion of convertible notes and convertible bonds *(note ii)*	643,354,980	35,385
Issue of shares for acquisition of subsidiaries *(note iii)*	531,679,993	29,242
Issue of shares upon exercise of share options *(note iv)*	3,500,000	192
At 31 December 2015	6,099,640,873	335,480
Issue of shares by way of placing *(note v)*	2,155,555,555	118,556
Issue of shares upon conversion of convertible note and convertible bonds *(note vi)*	1,155,104,983	63,530
Issue of shares for acquisition of subsidiaries *(note vii)*	158,333,333	8,708
Issue of shares upon exercise of share options *(note viii)*	66,191,100	3,641
At 31 December 2016	9,634,825,844	529,915

Notes:

(i) In March 2015 and June 2015, the Company issued, by way of placing, 162,500,000 ordinary shares and 100,000,000 ordinary shares of HK$0.055 each at the issue price of HK$0.40 and HK$0.43 respectively and the net proceeds (after legal and professional costs) from such issues amounted to HK$63,355,000 and HK$41,905,000 respectively. An amount of HK$54,417,000 and HK$36,406,000 in excess of par value were credited to share premium.

(ii) During the year ended 31 December 2015, a total of 643,354,980 new ordinary shares of the Company of HK$0.055 each were issued upon the conversion of the convertible notes and convertible bonds of the Company.

(iii) On 15 September 2015, 23 October 2015, and 26 October 2015, the Company issued 251,250,000, 24,019,737 and 256,410,256 new ordinary shares of HK$0.055 each at the issue price of HK$0.40, HK$0.384 and HK$0.394 per share, respectively, as part of the consideration for the acquisition of subsidiaries.

(iv) During the year ended 31 December 2015, a total of 3,500,000 new ordinary shares of the Company of HK$0.055 each were issued upon the conversion of the share options of the Company.

(v) On 11 May 2016, the Company issued, by way of placing, 2,155,555,555 new ordinary shares of HK$0.055 each at the issue price of HK$0.45 and the proceeds from such issues amounted to HK$970,000,000. An amount of HK$851,444,000 in excess of par value were credited to share premium.

(vi) During the year ended 31 December 2016, a total of 1,155,104,983 new ordinary shares of the Company of HK$0.055 each were issued upon the conversion of the convertible note and convertible bonds of the Company.

(vii) On 20 April 2016, the Company issued 158,333,333 new ordinary shares of HK$0.055 each at the issue price of HK$0.48 per share, as part of the consideration for the acquisition of subsidiaries.

(viii) During the year ended 31 December 2016, a total of 66,191,100 new ordinary shares of the Company of HK$0.055 each were issued upon the exercises of the share options of the Company.

All shares issued rank pari passu with the existing shares of the Company in all respects.

18. CAPITAL COMMITMENTS

At the end of the reporting period, commitments in respect of capital expenditure are as follows:

	2016	2015
	HK$'000	*HK$'000*
Contracted but not provided:		
– property, plant and equipment	**27,757**	41,239
– acquisition of subsidiaries	**152,000**	96,000
	179,757	137,239

19. RELATED PARTY TRANSACTIONS

In addition to the transactions or information disclosed elsewhere in these financial statements, the Group entered into the following material transactions with related parties:

	2016	2015
	HK$'000	*HK$'000*
Finance cost in related to finance lease obligation with an associate *(note a)*	**770**	274
Purchases of goods *(note b)*	**6,808**	–
Interest paid to an associate	**2,304**	950
Key management personnel remuneration		
Short-term employee benefits	**12,560**	9,009
Post-employment benefits	**304**	197
Share based payments	**6,708**	4,967
	29,454	15,397

Note a: During the year ended 31 December 2016 and 2015, the Group entered into finance lease agreement with one of the associates.

Note b: The amount represents purchases of goods from a shareholder of a subsidiary which have significant influence in that subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The year 2016 marked the beginning of the 13th Five-Year Plan in which the overall growth of macro-economic development in the PRC was slow but stable. The natural gas production had kept a steady increase during the year, with the national natural gas production reaching 136.9 billion cubic meters, achieved a year-on-year increase of 1.7%. The Chinese government endeavored the facilitation of clean energy development, hence the National Energy Administration promulgated the energy "13th Five-Year Plan", indicating that the proportion of domestic natural gas consumption in 2020 is targeted to reach 10%. Meanwhile, with the Action Plan of the Prevention Scheme of Air Pollution promulgated by the State Council, local governments at all levels also introduced related policies to facilitate the local "coal-to-gas" project construction, so as to increase the application coverage of natural gas, facilitated the energy structural adjustment and promoted proactively the improvement of the overall environment. In addition, the National People's Congress and the Chinese People's Political Consultative Conference convened in 2017 have also pointed out that by strengthening domestic conventional natural gas exploration and development, as well as scientific planning of introducing foreign import natural gas in terms of scale, method and pace, it can achieve safe and stable gas supply and promote the use of clean energy. Hence, there was tremendous potential for development growth in natural gas industry.

BUSINESS REVIEW

In 2016, the Group continued to focus on the operation and investment of the natural gas business and kept on ramping up the operation size gradually, with its current business in the PRC presence covering 8 provinces in North Eastern region, Eastern region, Central Southern region and South Western region, which include Liaoning Province, Shandong Province, Anhui Province, Zhejiang Province, Hubei Province, Guizhou Province, Sichuan Province and Hainan Province. For the year ended 31 December 2016, the Group recorded total revenue of HK$633.8 million from the natural gas business, up by 498.8% compared with the corresponding period of 2015 (2015: HK$105.8 million), contributing approximately 100% of the Group's total revenue. Segment profit of the Group reached HK$205.3 million, up by HK$102.7 million as compared with the corresponding period of 2015, which was derived from the natural gas for transportation, trading and distribution of natural gas, City Gas and other related products. The Group recorded a total gas sales volume of 285.0 million cubic meter, up by 15 times as compared with the corresponding period of 2015 (2015: 17.8 million cubic meters).

The Group's major natural gas projects in year 2016:

	Project Name	Equity Interests held	Status	LNG/CNG refueling stations As of December			City Gas As of December			Direct Supply As of December		Trading and distribution As of December		Total As of December	
				Number of Stations	Volume *(m³)*	Volume *(%)*	Number of Projects	Volume *(m³)*	Volume *(%)*	Volume *(m³)*	Volume *(%)*	Volume *(m³)*	Volume *(%)*	Volume *(m³)*	Volume *(%)*
Subsidiaries	Liaoning Benxi	89%	Existing	1	407,876	1%	1	1,223,100	100%	–	0%	–	0%	1,630,976	1%
	Shandong Jinan	60%	Existing	2	2,269,344	4%	–	–	0%	–	0%	–	0%	2,269,344	1%
	Shandong Yucheng	36%	Under reinvestment	2	–	0%	–	–	0%	–	0%	–	0%	–	0%
	Shandong Tengzhou	100%	Existing	1	2,888,335	5%	–	–	0%	1,514,420	14%	27,312,452	13%	31,715,207	11%
	Shandong Chiping	100%	Existing	1	662,000	1%	–	–	0%	–	0%	875,000	0%	1,537,000	1%
	Shandong Power Energy	100%	Existing	–	–	0%	–	–	0%	–	0%	632,772	0%	632,772	0%
	Guizhou Liupanshui	100%	Existing	2	3,653,009	7%	–	–	0%	1,287	0%	–	0%	3,654,296	1%
	Anhui Power Energy	100%	Incorporated in Jan-2016	–	–	0%	–	–	0%	–	0%	144,036,171	66%	144,036,171	50%
	Hainan Xinyuan	48%	Changed to subsidiary in Jul-2016	8	16,869,169	30%	–	–	0%	–	0%	–	0%	16,869,169	6%
	Ningbo Beilun	100%	Acquired in Nov-2016	–	–	0%	–	–	0%	–	0%	289,685	0%	289,685	0%
	Zhejiang Huzhou	100%	Acquired in Aug-2016	–	–	0%	–	–	0%	9,107,360	86%	36,402,617	17%	45,509,977	16%
			Subtotal	**17**	**26,749,733**	**48%**	**1**	**1,223,100**	**100%**	**10,623,067**	**100%**	**209,548,697**	**96%**	**248,144,597**	**87%**
Associates	Hainan Zhongyou Jiarun	40%	Acquired in Apr-2016	3	6,991,335	13%	–	–	0%	–	0%	–	0%	6,991,335	2%
	Hainan Dazhong	12%	Merged in Jul-2016	9	16,888,787	30%	–	–	0%	–	0%	–	0%	16,888,787	6%
	Hefei Kunlun Energy	30%	Acquired in Apr-2016	5	5,022,333	9%	–	–	0%	–	0%	6,931,778	3%	11,954,111	4%
			Subtotal	**17**	**28,902,455**	**52%**	**–**	**–**	**0%**	**–**	**0%**	**6,931,778**	**3%**	**35,834,233**	**12%**
Joint Ventures	Sichuan	45%	Existing	–	–	0%	–	–	0%	–	0%	990,080	1%	990,080	1%
	Wuhan Power Energy	50%	Existing	–	–	0%	–	–	0%	–	0%	–	0%	–	0%
	Hubei Huanggang	30%	Under construction	–	–	0%	–	–	0%	–	0%	–	0%	–	0%
	Jiangsu Hsuchow	57%	Under construction	–	–	0%	–	–	0%	–	0%	–	0%	–	0%
			Subtotal	**–**	**–**	**0%**	**–**	**–**	**0%**	**–**	**0%**	**990,080**	**1%**	**990,080**	**1%**
			Grand Total	**34**	**55,652,188**	**100%**	**1**	**1,223,100**	**100%**	**10,623,067**	**100%**	**217,470,555**	**100%**	**284,968,910**	**100%**

In year 2016, the total gas sales volume from subsidiaries amounted to 248.1 million cubic meters. The total gas sales volume from the associates amounted to 35.8 million cubic meters.

For the year ended 31 December 2016, earnings per share were HK1.28 cents (2015: HK0.33 cents). Finance costs amounted to HK$95.7 million, of which actual cash outflow was HK$37.8 million. EBITDA amounted to HK$229.8 million, up by 187.3% compared with the year of 2015 (2015: HK$80.0 million).

During the year ended 31 December 2016, the printing business was discontinued as the Group had resolved to dispose it. On 27 June 2016, the Company entered into the sale and purchase agreement with an independent third party in relation to the proposed disposal of 25% equity interest in Legon Ventures Limited, a subsidiary of the Company, at a consideration of HK$16,500,000 ("Printing Business Disposal"). Details are set out in the announcement and circular dated 27 June 2016 and 25 August 2016 respectively. The Printing Business Disposal was approved by the shareholders of the Company at the special general meeting held on 20 September 2016.

RESIDENTIAL USERS

The Group has an operational city gas project in Benxi City, Liaoning Province. The Group followed the "coal-to-gas" policy and seized the chance brought by the recovery of the real estate industry. We actively seek our participation and investment in city gas projects and develop coal-to-gas users so that the Group can further generate growth in natural gas provision.

INDUSTRIAL AND COMMERCIAL USERS

The Group is currently supplying gas to an industrial park in Benxi City, Liaoning, and has also invested in projects in Shandong Province to directly supply LNG to industrial users. In addition, the joint ventures in Huanggang City, Hubei Province is expected to commence production by early 2017. The volume of the gas in industrial and commercial sector will gradually become the main force of city gas development, and is expected to be a key growth driver of the Group's gas sales in the future.

CNG AND LNG REFUELING STATIONS

The Group sells natural gas to LNG vehicles (trucks and motor buses) and CNG vehicles (taxis, motor buses and private cars). During the year ended 31 December 2016, the sales income of the Group's refueling gas stations business recorded HK$75.8 million. We owned a total of 34 stations comprising 16 CNG refueling stations and 18 LNG refueling stations for vehicles (2015: a total of 26 stations comprising 18 CNG refueling stations and 8 LNG refueling stations for vehicles), their distributions are mainly located in Hainan Province, Anhui Province, Shandong Province and Guizhou Province.

TRADING AND DISTRIBUTION OF CNG AND LNG

Since the second half of 2015, the Group has expanded into the CNG and LNG trading and distribution business with its transportation fleet and logistics platform keep on growing, and through the distribution and trading of CNG and LNG as a wholesaler and sales agent to industrial and commercial users through direct supply facilities. The Group enhances our price bargaining power when negotiating with upstream suppliers via centralized procurement and logistics planning. In addition, the Group is in the process of exploring cooperation opportunities with upstream suppliers. The Group owns 10% equity interest of CNPC's Haikou LNG receiving terminal, distributes LNG with gas source ultimately from CNOOC's Ningbo receiving terminal and Sinopec's Dongjiakou receiving terminal. Accordingly, imported LNG is expected to provide stable natural gas and efficiently lower cost along the coastal area.

During the period, our trading and distribution business developed rapidly. During the year ended 31 December 2016, the trading and distribution business of the Group recorded an income of HK$533.7 million, which were distributed in Anhui Province, Zhejiang Province and Shandong Province. During the period, the total sales volume of our Group recorded was 217.5 million cubic meters, and owned 16 natural gas transportation vehicles.

OTHER VALUE-ADDED SERVICES

The Group recorded an income of HK$25.9 million by disposing 100% equity interest of Lasermoon Limited, an online B2B and B2C platform service provider which focuses on the trading of LNG among LNG liquefaction factories, LNG trading companies and gas refueling stations with value-added services involving price matching, cloud computing, big data analysis, and supply chain solutions.

Going forward, the Group will continue to collaborate with Lasermoon Limited to enhance its trading activities that can benefit our natural gas sales volume and customer satisfaction. The Group aims at connecting the upstream, midstream, and downstream participants of the LNG industry value chain and integrating the flow of information, capital, and logistics. One benefit includes usage of data provided by the platform to reduce the unloaded tankers ratio and improve utilization rate.

EXPANSION INITIATIVES

During the year ended 31 December 2016, the Group acquired/incorporated 5 projects, adding up to 17 projects in total.

	Newly acquired/ incorporated projects	**Description**
1	Anhui Power Energy	Trading and Distribution
2	Hainan Zhongyou Jiarun	3 LNG refueling stations
3	Hefei Kunlun Energy	5 LNG refueling stations
4	Zhejiang Huzhou	Trading and Distribution and LNG direct supply
5	Ningbo Beilun	Trading and Distribution

FINANCIAL RESOURCES OF THE GROUP

Cash and bank balances of the Group were to HK$91.4 million as at 31 December 2016. Given the Group's strong cash position, below industry average gearing level and quality profile of institutional and industry investors, the Group is expected to expand its investment in the natural gas industry and pursue opportunities for industry consolidation, so as to generate higher return for its shareholders.

During the year ended 2016, the Group successfully introduced Beijing Gas Group Co. Ltd. ("Beijing Gas") as our single largest shareholder. Beijing Gas, a wholly-owned subsidiary of Beijing Enterprises Holdings Limited ("BEHL"), subscribed 2,155,555,555 shares of the Group at HK$0.45 per share with an investment amount of HK$970.0 million in cash and also subscribed convertible bonds of HK$350.0 million.

As at 31 December 2016, the Group issued corporate bonds of HK$293.0 million and convertible bonds with capital amount of HK$531.0 million. The Group's gearing ratio, which is total borrowings divided by total assets, was at 15.8% as at 31 December 2016, which was slightly lower than that as at 31 December 2015. If excluding convertible bonds, the gearing ratio was 7.1% as at 31 December 2016 (10.2% as at 31 December 2015). Cash to total liabilities was 0.1 as at 31 December 2016 (0.2 as at 31 December 2015).

Convertible bonds issuance summary table:

Issue date	Investors	Principal amount *HK$*	Principal amount as at 31 December 2016 *HK$*	Conversion price per share *HK$*	Maturity Date
2015-09-09	Templeton Asset Management Ltd.'s Emerging Markets Group	116,000,000	116,000,000	0.40	2018-09-08
2015-12-11	Haitong International Securities Group Limited	200,000,000	70,000,000	0.48	2018-12-09
2016-01-07	Templeton Asset Management Ltd.'s Emerging Markets Group	15,000,000	15,000,000	0.40	2019-01-06
2016-05-11	Beijing Gas Group Co., Ltd.	350,000,000	130,000,000	0.45	2019-05-10
2016-12-29	China Orient Asset Management Co., LTD.	200,000,000	200,000,000	0.67	2019-12-28

FINANCIAL REVIEW

Revenue

Revenue increased by 499.1% from HK$105.8 million for the year ended 31 December 2015 to HK$633.8 million for the year ended 31 December 2016, mainly attributable to the Company successfully ramping up the LNG trading business and completing the acquisition of Zhejiang Huzhou Project in August 2016. Both contributed to the revenue of HK$330.6 million and HK$123.8 million respectively.

Gross Profit/Loss and Segment Profit/Loss

The Group turned from the gross loss of HK$4.9 million for the year ended 31 December 2015 to the gross profit of HK$47.2 million for the year ended 31 December 2016, which was due to the high profit margin from LNG/CNG refueling stations and direct supply business.

Segment profit increased by 99.9% from HK$102.7 million for the year ended 31 December 2015 to HK$205.3 million for the year ended 31 December 2016, which was due to the increasing profit from the segment of natural gas for transportation of HK$20.5 million and City Gas and other related products of HK$70.2 million.

Earnings before Interests, Tax, Depreciation and Amortisation

Earnings before interests, tax, depreciation and amortisation increased from HK$80.0 million for the year ended December 2015 to HK$229.8 million for the year ended December 2016, which is mainly due to the profit from expansion of natural gas business, the investment income from disposal of online business to business and business to customer platform service business and the gain recognised on deemed disposal of subsidiaries.

Other Gains and Losses and Other Income

Other gains and losses and other income increased from HK$8.8 million for the year ended December 2015 to HK$84.7 million for the year ended December 2016, which is mainly due to (i) the increase in gain from investment income of HK$31.7 million; (ii) the increase in net exchange gains of HK$26.6 million; and (iii) the increase in gain from fair value change in financial assets at fair value through profit or loss of HK$15.1 million.

Gain recognised on deemed disposal of subsidiaries

Gain recognised on deemed disposal of subsidiaries of HK$208.7 million comprised of the following:

(i) Disposal of 25% equity interests in Wuhan Zheng Weili, a non-wholly owned subsidiary, at a cash consideration of RMB7,500,000 (the "Wuhan Disposal") to an independent third party. On the same date, the Company and the other two independent third parties entered into joint venture agreement which resulted in a loss of control of Wuhan Zheng Weili. Accordingly, Wuhan Disposal was treated as deemed disposal of 75% owned subsidiary at a deemed fair value of RMB22,500,000 (equivalent to HK$26,775,000), resulting in a deemed gain of disposal of subsidiaries of HK$17.9 million; and

(ii) Disposal of 16% equity interests in New Phoenix, at a cash consideration of HK$45,000,000 (the "New Phoenix Disposal"). On the same date, the Company and the other two independent third parties entered into shareholders agreement which resulted in a loss of control of New Phoenix. Accordingly, the New Phoenix Disposal was treated as deemed disposal of 73% owned subsidiary at a deemed fair value of HK$205,313,000, resulting in a deemed gain of disposal of subsidiaries of HK$190.8 million.

Operating expenses

(a) Administrative expenses

The administrative expenses increased by 44.1% from HK$85.4 million for the year ended December 2015 to HK$123.1 million for the year ended December 2016. It was mainly due to the increase in employee benefit expenses by HK$20.4 million, including the increase in (i) director emolument by HK$7.0 million; (ii) rent and rate by HK$3.4 million; (iii) travelling expenses by HK$2.7 million; (iv) amortisation and depreciation by HK$2.6 million; and (v) commission by HK$2.1 million and other expenses.

(b) Other expenses

Other expenses increased by 195.5% from HK$4.4 million for the year ended December 2015 to HK$13.0 million for year ended December 2016 which was mainly due to the increased legal and professional fees by HK$7.5 million and bank charges by HK$1.1 million.

(c) Finance costs

Finance costs increased from HK$32.0 million for the year ended December 2015 to HK$95.7 million for the year ended December 2016 which was mainly due to the increase in interest on convertible bonds of HK$68.3 million.

(d) Income tax expense/credit

Income tax expense/credit was calculated at 25% and 16.5% of the estimated assessable profits of its PRC subsidiaries and Hong Kong subsidiaries for the year ended 31 December 2016 and 2015 respectively.

Income tax expense of HK$0.4 million for the year ended December 2016 represented the current taxation arising from the PRC subsidiaries of HK$6.0 million and the deferred tax credit of HK$5.6 million arising from fair value adjustments of intangible assets from acquisition of various natural gas projects.

(e) Profit attributable to the owners of the Company from continuing operations

The Group's profit for the year attributable to the owners of the Company from continuing operations was arrived at HK$113.0 million for the year ended 31 December 2016, representing an increase by HK$81.5 million from the year ended 31 December 2015.

FUTURE PROSPECTS

In future, the Group will invest and develop the natural gas business proactively and expand its business layout by taking the "develop clean energy, improve customer value, and create a better Blue Sky" as its mission and adhering to the corporate values of "openness, innovation, cohesion, pragmatism, accountability, listening and inclusiveness". The Group will continue to respond positively the national strategy of "One Belt One Road". While taking opportunities to develop the "One Belt" businesses in coastal regions, the Group will also select regions with abundant resources and great potential for residential as well as commercial and industrial gas consumption in the "One Road" inland regions for the investment and operation of urban gas projects. Meanwhile, by leveraging on the CNOOC, Sinopec and CNPC's LNG receiving terminals effectively, the Group strives to expand its sales network to improve its market share, further grow its gas sales volume, and increase its profitability, making the Group an important natural gas supplier and operator.

Moreover, the Group will continue to focus on the development and innovation of business models and provide more value-added services for its customers. For this purpose, the Company has set up and invested in a joint venture finance lease company ("Qiantang Finance Lease Company Limited錢唐融資租賃股份有限公司"Qiantang") with an independent third party in the second half of 2016. The registered capital of Qiantang is US$30 million which the Company indirectly holds 65% equity interest. Qiantang is complimenting the overall strategy of the Group and started its business in early 2017. At the same time, the Group is also establishing its supply chain finance, LNG trading and industrial foundation fund platform actively and is expected to bring greater growth potential for the Group's future business development and profitability.

In December 2016, the Group signed a memorandum of understanding to acquire Jilin Haoyuan Gas Co., Ltd.*（吉林浩源燃氣有限公司）, Shanxi Minsheng Natural Gas Co., Ltd.*（山西民生天然氣有限公司）and Yongji Minsheng Natural Gas Co., Ltd.*（永濟市民生天然氣有限公司）. Jilin Haoyuan is principally engaged in the (i) supply of piped gas to residential households, commercial users and public buildings (e.g. schools, restaurants, hospitals and commercial complex); and (ii) operation of two compressed natural gas ("CNG") refueling stations for vehicles. Shanxi Minsheng is principally engaged in the (i) supply of piped gas to residential households, commercial and industrial users; and (ii) operation of 5 CNG refueling stations for vehicles in Yuncheng City, Shanxi Province. Yongji Minsheng is principally engaged in the (i) supply of piped gas to residential households, commercial and industrial users; and (ii) operation of 2 CNG refueling stations for vehicles in Yongji City, Shanxi Province. The acquisition projects have all benefited from the government's "coal-to-gas" policy which aims to improve the air pollution issue in China. The acquisition will help the Group to expand its domestic natural gas business and enlarge its market share upon its completion.

With the completion of the acquisition projects in Jilin and Shanxi, the Company can become an important player in the city gas sector, which can increase the revenue streams of the Group, thus enhancing its industrial competitive position and generating more investment value for investors and shareholders.

USE OF PROCEED

On 5 January 2016, the Company entered into a share subscription agreement and a convertible bond subscription agreement in the principal amount of HK$970.0 million and HK$350.0 million respectively (the "January 2016 Placement") with Beijing Gas Group Company Limited ("Beijing Gas"). As at the date of the subscription agreements, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.52 per share.

For the share subscription agreement, the Company has agreed to issue 2,155,555,555 new ordinary shares of HK$0.055 each at the issue price of HK$0.45 per share by way of subscription to Beijing Gas.

For the convertible bond subscription agreement, the Company has agreed to issue convertible bond in an aggregate principal amount of HK$350,000,000 at an initial conversion price of HK$0.45 to Beijing Gas.

On 11 May 2016, the January 2016 Placement was completed. The net proceeds from the issue of new shares and convertible bond after deducting related transaction costs was HK$1,318.0 million. To increase the Company's flexibility in financial management and cope with the future development of the Group's business, the directors have resolved to change the use of the net proceeds would be applied (i) HK$1,000 million for mergers and acquisition of natural gas projects, (ii) HK$100 million for the capital expenditure of the existing projects, (iii) HK$38 million for repayment of loan and interest; and (iv) the remaining balance for general working capital purpose. As at 31 December 2016 (i) HK$919.6 million was used for mergers and acquisitions of natural gas projects (including earnest money paid for potential projects) which located in Shanxi, Heilongjiang, Zhejiang, Jilin, Haikou and Shandong Provinces; (ii) HK$151.7 million was used for general working capital; (iii) HK$62.3 million was used for capital expenditure for existing projects of the Group including projects located in Liaoning, Huanggang and Guizhou Provinces; (iv) HK$26.7 million was used for repayment of finance lease and corresponding interest payment; and (v) HK$157.7 million was used for treasury function in order to better manage the financial resources of the Company.

On 16 December 2016, the Company entered into a convertible bond subscription agreement in the principal amount of HK$200,000,000 with Talent Impact Enterprises Corp., a direct wholly-owned subsidiary of China Orient Asset Management (International) Holdings Limited, which in turn is an indirect wholly-owned subsidiary of China Orient Asset Management Co., Ltd., a company established in the PRC whose ultimate beneficial owners are the PRC Ministry of Finance and National Council for Social Security Fund, pursuant to which the Company has agreed to issue convertible bond at the conversion price of HK$0.67 per conversion share (the "December 2016 Placement") to the investor. As at the date of the subscription agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.61 per share.

On 29 December 2016, the December 2016 Placement was completed. The net proceeds from the issue of convertible bond after deducting related transaction costs was HK$189.9 million, of which (i) HK$76.4 million was used for mergers and acquisitions of natural gas projects including projects located in Zhejiang Province, (ii) HK$22.1 million was used for general working capital, and (iii) the balance of HK$91.4 million shall be utilised as proposed, including HK$41.2 million for mergers and acquisition of natural gas projects and HK$50.2 million for general working capital.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group financed its operations with shareholders' equity, convertible bonds, and other borrowings.

The Group maintained bank deposits, bank balances and cash amounting to HK$91.4 million as at 31 December 2016 (31 December 2015: HK$102.7 million), a decrease of 11.0% from 31 December 2015.

The Group had total borrowings of HK$675.4 million as at 31 December 2016 (2015: HK$465.0 million). The Group's gearing ratio, which is total borrowings divided by the total assets was 15.7% (2015: 19.3%).

As at 31 December 2016, there were no bank borrowings (2015: bank borrowings of HK$3.7 million were secured by corporate guarantee of the Company).

The Group's non-current assets increased to HK$3,654.1 million (31 December 2015: HK$2,100.1 million), primarily due to the increase in (i) deposits for acquisition of subsidiaries of HK$775.1 million; (ii) goodwill of HK$355.4 million; (iii) interests in joint ventures of HK$327.2 million; (iv) financial assets at fair value through profit or loss of HK$47.3 million; (v) available-for-sale investments of HK$30.1 million and (vi) promissory note receivables of HK$26.8 million.

As at 31 December 2016, the Group's current assets amounted to HK$635.0 million (31 December 2015: HK$311.2 million), mainly comprised of trade and other receivables of HK$312.6 million (31 December 2015: HK$134.7 million), financial assets at fair value through profit or loss of HK$125.5 million (31 December 2015: Nil), cash and bank balances of HK$91.4 million (31 December 2015: HK$102.7 million), amounts due from joint ventures of HK$66.0 million (31 December 2015: HK$51.1 million), amounts due from non-controlling shareholders of subsidiaries of HK$18.6 million (31 December 2015: HK$18.5 million) and promissory note receivable of HK$10.0 million (31 December 2015: Nil).

As at 31 December 2016, the Group's current liabilities of HK$321.4 million (31 December 2015: HK$226.6 million), comprised of trade and other payables of HK$140.6 million (31 December 2015: HK$77.2 million), convertible bonds of HK$108.7 million (31 December 2015: HK$91.2 million), embedded derivatives at fair value through profit or loss of HK$60.9 million (31 December 2015: HK$3.4 million), amounts due to joint ventures of HK$9.0 million (31 December 2015: Nil) and obligation under finance leases of HK$2.1 million (31 December 2015: HK$5.4 million).

As at 31 December 2016, the net current assets of the Group amounted to HK$313.7 million (31 December 2015: net current assets of HK$84.6 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) was 1.98 as at 31 December 2016 (31 December 2015: 1.37).

During the year ended 31 December 2016, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks.

EMPLOYEES' INFORMATION

Our employees are based in Hong Kong and the PRC. As at 31 December 2016, there were 360 (2015: 252) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, grants discretionary incentive bonuses and/or share options to eligible staff based on their performance and contributions to the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises four members, namely, Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing and Mr. Pang Siu Yin, all being independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the risk management and internal control and reporting matters. The audit committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). The Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2016 except for the following deviations:

Code provision A.6.7

Pursuant to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Ms. Chung Oi Ling, Stella and Mr. Zhi Xiaoye did not attend all general meetings held in the Year due to their other business commitments.

Code provision E.1.2

Pursuant to code provision E.1.2, the chairman of the Board should attend the annual general meeting. The co-chairmen of the Board, Mr. Cheng Ming Kit and Mr. Zhi Xiaoye, were unable to attend the annual general meeting of the Company held on 3 June 2016 due to their other business commitments.

COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by the Directors. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the Model Code throughout the year ended 31 December 2016.

CHANGE OF COMPANY NAME

The name of the Company has been changed from Blue Sky Power Holdings Limited 藍天威力控股有限公司 to Beijing Gas Blue Sky Holdings Limited 北京燃氣藍天控股有限公司 with effect from 9 December 2016.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL RESULTS

This results announcement is published on the websites of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.bgbluesky.com). A notice convening the annual general meeting of the Company will be despatched to the shareholders of the Company together with the 2016 Annual Report and available on the aforesaid websites in due course.

By order of the Board
Beijing Gas Blue Sky Holdings Limited
Cheng Ming Kit
Co-Chairman

Hong Kong, 29 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ming Kit, Mr. Sze Chun Lee, Mr. Hung Tao, Mr. Hu Xiaoming, Mr. Tam Man Kin and Mr. Li Weiqi; the non-executive director of the Company is Mr. Zhi Xiaoye; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing and Mr. Pang Siu Yin.