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# **BEIJING GAS BLUE SKY HOLDINGS LIMITED** **北京燃氣藍天控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 6828)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **UNAUDITED INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Gas Blue Sky Holdings Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (“**HY2021**”) together with the comparative figures for the same period in 2020 (“**HY2020**”).

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
<b>Revenue</b>	5	<b>1,205,336</b>	1,212,557
Cost of sales		<u>(1,158,211)</u>	<u>(1,098,550)</u>
<b>Gross profit</b>		<b>47,125</b>	114,007
Other income and gains, net	7	<b>11,305</b>	26,548
Reversal of impairment on financial assets		<b>34,346</b>	27,622
Administrative expenses		<b>(118,705)</b>	(116,097)
Other expenses		<b>(12,625)</b>	(7,357)
Finance costs	8	<b>(64,862)</b>	(106,170)
Share of profit of associates		<b>146,621</b>	120,294
Share of loss of joint ventures		<b>(878)</b>	(2,419)
Gain arising from acquisition of a subsidiary		<u>—</u>	<u>31,017</u>
<b>Profit before income tax</b>	9	<b>42,327</b>	87,445
Income tax expenses	10	<u><b>(3,271)</b></u>	<u>(5,981)</u>
<b>Profit for the period</b>		<b>39,056</b>	81,464
<b>Other comprehensive income/(loss)</b>			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations		<b>(114,199)</b>	(183,903)
Share of other comprehensive income of associates and joint ventures		<u><b>23,569</b></u>	<u>—</u>
		<u><b>(90,630)</b></u>	<u>(183,903)</u>

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

*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Item that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		<u>24</u>	<u>4,302</u>
<b>Other comprehensive loss for the period, net of income tax</b>		<u><b>(90,606)</b></u>	<u><b>(179,601)</b></u>
<b>Total comprehensive loss for the period</b>		<u><b>(51,550)</b></u>	<u><b>(98,137)</b></u>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<u>40,076</u>	<u>63,914</u>
Non-controlling interests		<u>(1,020)</u>	<u>17,550</u>
		<u><b>39,056</b></u>	<u><b>81,464</b></u>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<u>(49,977)</u>	<u>(79,057)</u>
Non-controlling interests		<u>(1,573)</u>	<u>(19,080)</u>
		<u><b>(51,550)</b></u>	<u><b>(98,137)</b></u>
<b>Profit per share attributable to the shareholders of the Company</b>	<i>12</i>		
Basic and diluted		<u><b>HK0.31 cents</b></u>	<u><b>HK0.49 cents</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Right-of-use assets		52,019	46,873
Investment properties		44,528	36,635
Property, plant and equipment	13	528,655	515,877
Intangible assets		408,184	422,744
Goodwill	14	257,447	257,447
Interests in associates		2,022,261	1,852,051
Interests in joint ventures		184,656	189,618
Deposits for acquisition of subsidiaries		433,692	435,272
Deposits for acquisition of property, plant and equipment		27,198	27,353
Prepayments and other receivables		802	802
Equity investments at fair value through other comprehensive income ("FVTOCI")		705	696
Other non-current assets		—	300
		<b>3,960,147</b>	<b>3,785,668</b>
<b>Current assets</b>			
Inventories		38,707	18,395
Contract assets		48,917	52,557
Trade receivables	15	172,042	249,347
Prepayments, deposits and other receivables		624,971	564,896
Amounts due from joint ventures		5,118	41,750
Amounts due from associates		3,519	1,189
Financial assets at fair value through profit and loss ("FVTPL")		681	7,088
Pledged deposits		339,742	46,993
Cash and bank balances		496,638	705,408
		<b>1,730,335</b>	<b>1,687,623</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade payables and bill payables	16	395,457	357,054
Other payables and accrued charges		494,003	496,991
Lease liabilities		7,207	4,570
Bank and other borrowings		3,616,352	3,364,798
Amount due to joint ventures		155,074	151,341
Amount due to associates		5,415	4,411
		<u>4,673,508</u>	<u>4,379,165</u>
<b>Net current liabilities</b>		<u>(2,943,173)</u>	<u>(2,691,542)</u>
<b>Total assets less current liabilities</b>		<u>1,016,974</u>	<u>1,094,126</u>
<b>Non-current liabilities</b>			
Amounts due to joint ventures		13,202	16,963
Lease liabilities		13,428	7,665
Bank and other borrowings		131,560	153,651
Deferred tax liabilities		101,694	105,686
		<u>259,884</u>	<u>283,965</u>
<b>Net assets</b>		<u>757,090</u>	<u>810,161</u>
<b>Equity</b>			
Share capital		714,236	714,236
Reserves		(15,831)	35,666
		<u>698,405</u>	<u>749,902</u>
Equity attributable to owners of the Company		698,405	749,902
Non-controlling interests		58,685	60,259
<b>Total equity</b>		<u>757,090</u>	<u>810,161</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 3402-4, 34/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong, respectively.

During the period, the Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in:

- development and operation of city gas projects, including sales of natural gas to residential, industrial and commercial users through pipelines, provision of value-added services, such as repair and maintenance services and pipeline construction services;
- direct LNG supply to industrial end users;
- trading and distribution of CNG and LNG, including distribution and trading of CNG, LNG, fuel oil and other related oil by-products as a wholesaler to industrial and commercial users; and
- operation of compressed natural gas (“**CNG**”) and liquefied natural gas (“**LNG**”) refueling stations for vehicles.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and the functional currency of the Company is Renminbi (“**RMB**”). All values are rounded to the nearest thousands (“**HK\$’000**”) except when otherwise indicated.

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 – Interim Financial Reporting issued by the International Accounting Standard Board (“**IASB**”) and the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

### Going concern

As at 30 June 2021, the current liabilities of the Group exceeded its current assets by approximately HK\$2,943 million. The Group’s total bank and other borrowings as at 30 June 2021 amounted to HK\$3,748 million, including HK\$1,923 million due for repayment before 30 June 2022 according to the repayment schedule of the respective loan agreements. In addition, according to the financial information of the Group for the six months ended 30 June 2021, HK\$1,693 million of bank and other borrowings due after 30 June 2022 were classified as current liabilities as at 30 June 2021 as certain debt covenants were breached.

Furthermore, the trading in the shares of the Company has been suspended since 18 January 2021 and the Company failed to submit the consolidated financial statements for the year ended 31 December 2020 by the deadlines as set out in the bank and other borrowings agreements. These also triggered events of default in respect of certain of the Group’s bank and other borrowings and the relevant amounts as at 30 June 2021 were included in current liabilities resulting from the default as mentioned in the preceding paragraph. The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

## 2. BASIS OF PREPARATION (Continued)

The Board has given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. The following plans and measures have been undertaken by the Group to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) In respect of the bank and other borrowings with aggregate principal amount of HK\$996 million which were due for repayment up to the date of approval of these financial statements according to the repayment schedule of the loan agreements:
  - (a) Obtained new loans from two banks with an aggregate principal amount of approximately HK\$106 million and HK\$10 million which will be due for repayment in 2021 and 2022 or thereafter, respectively;
  - (b) Extended the repayment period of two bank loans with a principal amount of HK\$250 million and HK\$70 million to February 2022 and March 2022, respectively;
  - (c) Extended the repayment period of certain bonds with an aggregate principal amount of HK\$61 million to October 2021 or thereafter.
- (ii) The Board is currently in discussion with the major shareholder for assistance;
- (iii) The Company has received demand letters from certain bank creditors. The Board had been in negotiation with the banks and bond holders, and the Board is also in active discussion with the banks and bond holders with regard to the restructuring plan. Notwithstanding the foregoing, the Group's operations in the People's Republic of China remain stable, and the business of each segment continues as normal; and
- (iv) The Board is currently taking the appropriate actions to meet the conditions for the resumption of trading in the Company's shares imposed by The Stock Exchange of Hong Kong Limited.

The Board is of the opinion that, taking into account the possible assistance from a major shareholder, debt restructuring arrangement, the resumption of trading in the Company's shares and the existing internal financial resources of the Group, the Group has sufficient working capital for its present requirements. Hence, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 are consistent with the accounting policies and basis of preparation adopted in the Group's audited consolidated financial statements for the year ended 31 December 2020.

### 3. CHANGES IN ACCOUNTING POLICES AND DISCLOSURES

In the current interim period, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards (“IFRS”) issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021(early adoption)
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use (early adoption)

The adoption of these amendments to IFRSs has no material impact on the unaudited condensed consolidated interim financial information.

### 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.

Our interim results for the first half of the year may not serve as an indication of our results of operations for the entire financial year.

### 5. REVENUE

An analysis of the Group’s revenue for the periods:

	Six months ended 30 June	
	2021 <i>HK\$’000</i> (Unaudited)	2020 <i>HK\$’000</i> (Unaudited)
Natural gas refueling station	28,576	41,345
Trading and distribution of natural gas	594,616	686,456
Direct supply to industrial users	268,986	152,089
City Gas, pipeline construction, value-added service and others	313,158	332,667
	<u>1,205,336</u>	<u>1,212,557</u>



## 6. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

1. City gas, pipeline construction, value-added service and others – sales of natural gas to residential, industrial and commercial users through pipelines, other income from value-added service such as repair and maintenance service, pipeline construction services and others, such as transportation income. Share of result of an associate, which is engaged in provision of port facilities for vessels and re-gasification of LNG was also included in this segment;
2. Direct supply to industrial users – direct LNG supply to industrial users through direct supply facilities;
3. Trading and distribution of natural gas – trading and distributing of CNG, LNG fuel oil and other related oil by-product as a wholesaler to industrial users;
4. Natural gas refueling station – operation of CNG and LNG refueling stations for vehicles.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit for the year attributable to shareholders of the Company. The profit for the year attributable to shareholders of the Company is measured consistently with the Group's profit attributable to shareholders of the Company except that interest income on loans to joint ventures, interest income from joint venture partners, bargain purchase revenue of subsidiaries, gain or loss on disposal of subsidiaries and joint ventures, finance costs, share of profits/(loss) of certain joint ventures and associates, as well as head office and corporate income and expenses are excluded from such measurement. Segment assets exclude corporate and head office assets as these assets are managed on a group basis.

## 6. OPERATING SEGMENT INFORMATION (Continued)

### Segment revenue and results

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

#### For the six months ended 30 June 2021

	Natural gas refueling station HK\$'000 (Unaudited)	Trading and distribution of natural gas HK\$'000 (Unaudited)	Direct supply to industrial users HK\$'000 (Unaudited)	City gas, pipeline construction, value-added service and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
External segment revenue	28,576	594,616	268,986	313,158	1,205,336
Segment profit	(746)	5,480	31,972	127,232	163,938
Other income and gains, net					11,305
Central corporate expenses					(69,615)
Finance costs					(64,862)
Reversal of unallocated impairment on financial assets					1,561
Profit before income tax					42,327

#### For the six months ended 30 June 2020

	Natural gas refueling station HK\$'000 (Unaudited)	Trading and distribution of natural gas HK\$'000 (Unaudited)	Direct supply to industrial users HK\$'000 (Unaudited)	City gas, pipeline construction, value-added service and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
External segment revenue	41,345	686,456	152,089	332,667	1,212,557
Segment profit	2,049	31,350	6,480	152,468	192,347
Other income and gains, net					26,548
Central corporate expenses					(56,297)
Finance costs					(106,170)
Gain arising from acquisition of a subsidiary					31,017
Profit before income tax					87,445

Profit before income tax for the six months ended 30 June 2020 consists of a gain from acquisition of 100% equity interest in Golden Scenery International Limited, at a cash consideration of USD1 (the "**Golden Scenery Acquisition**") from an independent third party. The Golden Scenery Acquisition results in a gain arising from acquisition of a subsidiary of HK\$31.0 million.

Segment profit represents the profit before tax earned by each segment without allocation of other income and gains, net, unallocated central corporate expenses (including but not limited to directors' emoluments), finance costs, reversal of impairment of unallocated assets and income tax expenses.

## 6. OPERATING SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
<b>Segment assets</b>		
Natural gas refueling station	153,624	153,456
Trading and distribution of natural gas	121,433	266,098
Direct supply to industrial users	479,271	369,306
City gas, pipeline construction, value-added service and others	<u>3,698,836</u>	<u>3,670,526</u>
Total segment assets	4,453,164	4,459,386
Property, plant and equipment for corporate use	1,116	897
Right-of-use assets for corporate use	11,298	4,370
Prepayments	802	802
Financial assets at fair value through other comprehensive income	705	696
Financial assets at fair value through profit or loss	681	7,088
Cash and bank balances (including pledged deposits)	836,380	752,401
Other unallocated assets	<u>386,336</u>	<u>247,651</u>
Consolidated assets	5,690,482	5,473,291
<b>Segment liabilities</b>		
Natural gas refueling station	7,331	7,307
Trading and distribution of natural gas	54,669	244,929
Direct supply to industrial users	153,111	117,756
City gas, pipeline construction, value-added service and others	<u>893,487</u>	<u>705,039</u>
Total segment liabilities	1,108,598	1,075,031
Bank and other borrowings	3,747,912	3,518,449
Unallocated lease liabilities	10,975	4,638
Other unallocated liabilities	<u>65,907</u>	<u>65,012</u>
Consolidated liabilities	<u><u>4,933,392</u></u>	<u><u>4,663,130</u></u>

## 6. OPERATING SEGMENT INFORMATION (Continued)

### Segment assets and liabilities (Continued)

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

- All assets are allocated to operating and reportable segments (other than property, plant and equipment for corporate use, right-of-use assets for corporate use, prepayments, equity investments at fair value through other comprehensive income, financial assets at fair value through profit or loss, cash and bank balances (including pledged deposits), and other unallocated assets not attributable to the segments); and
- All liabilities are allocated to operating and reportable segments (other than bank and other borrowings, unallocated lease liabilities, and other unallocated liabilities not attributable to the segments).

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

## 7. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Interest income	4,062	17,894
Rental income	209	44
Gas appliances income	1,189	560
Government subsidies and grants	2,415	3,225
Sundry income	4,219	3,900
	<u>12,094</u>	<u>25,623</u>
<b>Gains, net</b>		
Changes in fair value of financial assets at fair value through profit or loss	(466)	830
Foreign exchange difference, net	(323)	95
	<u>(789)</u>	<u>925</u>
	<u><u>11,305</u></u>	<u><u>26,548</u></u>

## 8. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance charge on lease liabilities	–	3,400
Interests on bank borrowings	43,416	32,001
Interests on other borrowings	21,446	28,247
Interests on convertible bonds	–	42,522
	<u>64,862</u>	<u>106,170</u>

## 9. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging:		
Amortisation of intangible assets*	20,068	35,838
Cost of inventories sold	1,080,424	1,002,344
Depreciation of property, plant and equipment	17,172	24,890
Depreciation of right-of-use assets	5,183	10,197
Lease payments not included in the measurement of lease liabilities	625	858
Employee benefit expenses		
– Salaries and allowance	47,574	69,417
– Contribution to defined contribution plans	9,011	5,442
	<u>56,585</u>	<u>74,859</u>
Reversal of impairment of deposits paid for acquisition of subsidiaries	484	–
Reversal of impairment of trade receivables	33,862	27,622
	<u>34,346</u>	<u>27,622</u>

\* The amortisation of intangible assets for the period is included in “Cost of sales” in profit or loss.

## 10. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided for the six months ended 30 June 2021 as the Group did not derive any assessable profits in Hong Kong for that period.

The income tax provisions in respect of operations in Mainland China and other countries are calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
PRC corporate income tax	<b>(8,288)</b>	(14,940)
Deferred tax	<b>5,017</b>	8,959
	<hr/>	<hr/>
Total income tax expenses	<b><u>(3,271)</u></b>	<b><u>(5,981)</u></b>

## 11. DIVIDEND

The Board did not recommend a payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 12. PROFITS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

The calculation of the basic profits per share is based on the profit for the period attributable to shareholders of the Company of HK\$40,076,000 (HY2020: HK\$63,914,000), and the weighted average number of ordinary shares of 12,986,114,715 (HY2020: 12,986,114,715) in issue during the period. The computation of diluted earnings per share does not assume the conversion of all outstanding convertible bonds issued by the Company and exercise of the Company's share options since their assumed exercise would result in decrease in profits per share for the HY2021 and HY2020.

## 13. PROPERTY, PLANT AND EQUIPMENT

During HY2021, the Group has an addition of property, plant and equipment with a cost of HK\$56,221,000 (HY2020: HK\$43,621,000).

## 14. GOODWILL

	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cost, net of impairment, and net carrying amount:		
At 30 January	<b>257,447</b>	1,475,408
Reallocation of consideration	–	(348,334)
Impairment provided during the period/year	–	(869,627)
	<hr/>	<hr/>
At 30 June/31 December	<b><u>257,447</u></b>	<b><u>257,447</u></b>

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

## 15. TRADE RECEIVABLES

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables	365,627	440,427
Impairment	(193,585)	(191,080)
	<u>172,042</u>	<u>249,347</u>

### Notes:

- (a) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Unbilled portion and billed within 3 months	22,901	170,841
Billed:		
4 to 6 months	26,663	8,404
7 to 12 months	72,111	11,934
Over 1 year	50,367	58,168
	<u>172,042</u>	<u>249,347</u>

- (b) The movements in the Group's the loss allowance for impairment of trade receivables during the period are as follows:

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
At 1 January	191,080	47,690
Impairment losses, net	–	135,864
Exchange realignment	2,505	7,526
	<u>193,585</u>	<u>191,080</u>
At 30 June/31 December		

## 16. TRADE PAYABLES AND BILLS PAYABLES

An ageing analysis of the trade payables and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	<b>31 December 2020 HK\$'000 (Audited)</b>
Billed:		
Within 3 months	<b>302,010</b>	222,888
3 to 6 months	<b>25,755</b>	51,421
7 to 12 months	<b>14,782</b>	13,287
Over 12 months	<b>39,240</b>	27,454
	<hr/>	<hr/>
	<b>381,787</b>	315,050
Unbilled	<b>13,670</b>	42,004
	<hr/>	<hr/>
	<b>395,457</b>	357,054
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## 17. PLEDGE OF ASSETS

As at 30 June 2021, certain property, plant and equipment of the Group with carrying amount of approximately HK\$6,440,000 (31 December 2020: HK\$9,000,000), shares charged over 100% equity interest in a subsidiary of the Company and guarantees from substantial shareholders of the Company were pledged. In addition, the Group's secured bank loans were secured by the Group's bank balances of HK\$339,742,000 (31 December 2020: HK\$46,993,000).



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During HY2021, as the world economy began to rebound, the global market demand for natural gas increased. In China, domestic demand for natural gas also grew rapidly in the context of “carbon neutrality” and “coal-to-gas” goals. During HY2021, the apparent consumption of natural gas was 182.7 billion cubic meters, representing a year-on-year increase of 17.4%; the production volume of natural gas was 104.5 billion cubic meters, representing a year-on-year increase of 10.9%; and the imported volume of natural gas was 84.28 billion cubic meters, representing a year-on-year increase of 23.8%. For HY2021, the Group’s gas sales volume was 352.3 million cubic meters (HY2020: 342.0 million cubic meters), representing an increase of 3.0% as compared to the corresponding period of last year, and its sales income was HK\$1,205.3 million (HY2020: HK\$1,212.6 million), representing a decrease of 0.6% as compared to the corresponding period of last year, which was primarily due to (i) lower income because of decrease in connection projects affected by the pandemic; and (ii) decrease in refueling station business under further advancing of electrification policies; meanwhile, significant increase in LNG price at upstream resulting in a decrease in income with waning competitiveness. The gross profit was HK\$47.1 million for HY2021 (HY2020: HK\$114.0 million), representing a decrease of 58.7% as compared to the corresponding period of last year. The gross profit margin was 3.9% for HY2021 (HY2020: 9.4%), also representing a decrease as compared to the corresponding period of last year, which was primarily due to (i) lower income, gross profit and gross profit margin because of decrease in connection projects (which the Group generally has a higher gross profit margin from selling to users in this segment); and (ii) the continuing high natural gas price in HY2021, resulting in a partial decrease in gross profit. In terms of expenses, the finance costs in HY2021 were HK\$64.9 million (HY2020: HK\$106.2 million), representing a decrease of 38.9% as compared to the corresponding period of last year. Net profit in HY2021 was HK\$39.1 million (HY2020: HK\$81.5 million), representing a decrease of 52.0% as compared to the corresponding period of last year, which was primarily due to the decrease in sales income and gross profit margin, and that there was no one-off gain on acquisition of a subsidiary recognised in HY2021.

As at 30 June 2021, the Group’s natural gas projects covered a total of 17 provinces, cities and autonomous regions in the PRC, namely Liaoning, Jilin, Hebei, Beijing, Shandong, Shanxi, Shannxi, Ningxia Autonomous Region, Shanghai, Jiangsu, Anhui, Zhejiang, Guizhou, Hubei, Guangdong, Guangxi Autonomous Region and Hainan.

#### City Gas Business

As of HY2021, the Group had 8 city gas concession rights. During HY2021, the Group connected gas pipelines for 13,095 new users and the cumulative number of users reached 522,161, of which 13,033 were new residential users and the cumulative number of residential users reached 519,410. The natural gas sold to residential users amounted to 38.8 million cubic meters (HY2020: 36.2 million cubic meters). The Group secured 62 new industrial and commercial users and the cumulative number reached 2,751 with natural gas sold to industrial and commercial users reaching 33.0 million cubic meters (HY2020: 30.5 million cubic meters). The gas sales volume of city gas business of the Group was 71.8 million cubic meters (HY2020: 66.7 million cubic meters) during HY2021, representing an increase of 7.6% as compared to the corresponding period of last year. The Group recorded a sales income of HK\$313.2 million (HY2020: HK\$332.7 million), representing a decrease of 5.9% as compared to the corresponding period of last year, of which income from connection projects was HK\$45.0 million (HY2020: HK\$128.0 million), decreased by 64.8% from the corresponding period of last year. During HY2021, the residential and non-residential gas consumption both increased as compared to the corresponding period of last year, but the income decreased due to a decrease in connection projects affected by the pandemic.

## **Direct Supply to Industrial Users Business**

During HY2021, gas sales volume of direct supply to industrial users business increased significantly by 43.2% from corresponding period of last year to 74.9 million cubic meters (HY2020: 52.3 million cubic meters), and sales income increased by 76.9% from the corresponding period of last year to HK\$269.0 million (HY2020: HK\$152.1 million). This was mainly because that the gas demand from industrial and commercial users increased quickly due to the work resumption of downstream enterprises as a result of the rapid recovery of domestic economic activities during HY2021. The Group's direct supply to industrial users business was mainly located in East and South China. During HY2021, the Group has won some new users and put a new direct supply project into production.

## **Trading and Distribution of Natural Gas Business**

During HY2021, gas sales volume of trading and distribution of natural gas business amounted to 196.4 million cubic meters (HY2020: 211.6 million cubic meters); sales income reached HK\$594.6 million (HY2020: HK\$686.5 million), representing a decline of 13.4% as compared to the corresponding period of last year. The decline was primarily due to the adjustment of calculation basis of certain sales, which resulted in a decrease in gas sales volume and revenue.

## **Natural Gas Refueling Station Business**

During HY2021, the Group owned 17 gas refueling stations, including 12 CNG refueling stations and 5 LNG refueling stations, with gas sales volume of 9.2 million cubic meters (HY2020: 11.4 million cubic meters). The Group recorded a sales income of HK\$28.6 million (HY2020: HK\$41.3 million), representing a decrease of 30.8% as compared to the corresponding period of last year. The drop of gas refueling station business was mainly because demand in transportation industry weakened due to the impact of the pandemic and demand in CNG refueling stations declined due to the significant impact of electric vehicles. Affected by this, the Group closed down some refueling stations. The Group will not consider CNG refueling station business as its core of strategic development, and will develop regional LNG refueling stations based on its layout of the whole LNG industrial chain in the future.

## **LNG Receiving Terminal Projects**

### ***PetroChina Jingtang (Caofeidian Jingtang LNG Receiving Terminal)***

During HY2021, the total throughput volume of LNG of Caofeidian Jingtang Receiving Terminal amounted to 2,934.3 million cubic meters, of which the gas volume transported to pipelines through gasification was 2,270.8 million cubic meters while the gas transportation volume of tank trucks was 525.2 million cubic meters. The throughput volume of Jingtang Receiving Terminal Projects increased mainly due to the increase in the total import volume of LNG as the international economy resumed and the demand for natural gas went up.

## FUTURE PROSPECTS

2021 marks the start of China's 14th Five-Year Plan. The goal of "peak carbon dioxide emissions and carbon neutrality" has attracted wide attention. As a clean, efficient and safe energy with stable supply, natural gas plays an important role in the domestic transformation of energy structure. The market-oriented reform will be further promoted in the 14th Five-Year Plan period. The energy production, supply, storage, transportation and marketing system will be gradually improved. This will help develop a more matured natural gas industry chain from the upstream, middle to downstream. With implementation of the policy of "liberalizing production and retail and controlling transmission and distribution", PipeChina's further steps and the further implementation of the policy of "upstream diversification", increasing reserves and production has been steadily promoted and the construction of gas storage and peak regulation facilities has been accelerated, which bring about more development opportunities for the natural gas industry. In the second half of 2021, with the further recovery of the economic environment, the successive introduction of policies regarding energy utilization reform and clean environmental protection across the country, the steady implementation of the policy of "coal-to-gas" and the launch of national carbon trading market, the natural gas demand will be further increased.

In the second half of 2021, the Group will actively explore industry opportunities by fully leveraging substantial shareholders' and its internal resources. It will continue to adhere to the development strategy of "City Gas + LNG", develop and expand city gas projects and seek opportunities for mergers and acquisitions. It will also continue to integrate LNG industry chain and focus on developing the business with the advantage of a LNG whole industry chain. The Group holds equity interests in the LNG Receiving Terminal in Tangshan. Besides, two LNG storage tanks newly established by Beijing Gas Group Co., Ltd ("**Beijing Gas**"), a substantial shareholder of the Group, in Jingtang Receiving Terminal have been officially put into production. Therefore, the Group will have more cooperation opportunities with the substantial shareholder, Beijing Gas, in trading and distribution of LNG. This will benefit the Group's layout in the Beijing-Tianjin-Hebei region, further leverage regional synergies, enhance its overall LNG delivery and distribution capabilities, and improve the Group's market position and competitiveness in natural gas business.

In terms of operation, since Beijing Gas assigned management personnel to the Group in 2020, the management and business capabilities of the Group have been continuously improved. The Group is proactively communicating with its substantial shareholder to seek for its assistance from various aspects. The Group looks forward to, with the support from the substantial shareholder, making further progress in strategic synergy, business support, investment and financing arrangements, talent recruiting and management enhancement in the future. These will facilitate the Group to embark on further development and return its shareholders and investors with better performance. In the second half of the year, the Group will continue to stick to regulated management. It will stick to the principle of cost-saving and efficiency-increasing and strictly control expenses to enhance the Group's overall profitability. The Group will continue to expand financing channels, optimize the financing structure through cooperation with more commercial banks, increase current loans, and refinance the original debt at lower costs so as to achieve a reasonable cost reduction and profitability enhancement. Meanwhile, the Group hopes to finalise its restructuring proposal as soon as practicable.

## FINANCIAL REVIEW

### Revenue

Revenue decreased by 0.6% from HK\$1,212.6 million for HY2020 to HK\$1,205.3 million for HY2021, mainly due to (i) lower income because of decrease in construction affected by the pandemic; and (ii) decrease in refueling station business under further advancing of electrification policies; meanwhile, significant increase in LNG price at upstream resulting in a decrease in income with waning competitiveness.

### Gross Profit and Segment Profit

The Group recorded gross profit of HK\$47.1 million as of HY2021 which decreased by HK\$66.9 million from HK\$114.0 million for HY2020, which was mainly due to (i) lower income, gross profit and gross profit margin because of decrease in connection projects; and (ii) the continuing high natural gas price for HY2021, resulting in a partial decrease in profit.

Segment profit decreased by 14.8% from HK\$192.3 million for HY2020 to HK\$163.9 million for HY2021, which was mainly due to the decrease in city gas, pipeline construction, value-added services and other business segment.

### Earnings before Interests, Tax, Depreciation and Amortisation

Earnings before interests, tax, depreciation and amortisation decreased by 45.4% from HK\$264.5 million for HY2020 to HK\$144.4 million for HY2021. It was resulted by the consequence of global COVID-19 pandemic and no gains arising from one-off acquisition for HY2021.

### Other Income and Gains

Other income and gains decreased from HK\$26.5 million for HY2020 to HK\$11.3 million for HY2021, which was mainly due to the decrease in interest income by HK\$13.8 million and the decrease in fair value changes on financial assets at FVTPL by HK\$1.3 million.

### Operating expenses

#### *(a) Administrative expenses*

The administrative expenses increased by 2.2% from HK\$116.1 million for HY2020 to HK\$118.7 million for HY2021. It was mainly due to the increase in lending commission expenses by HK\$5.9 million.

#### *(b) Other expenses*

Other expenses increased by 70.3% from HK\$7.4 million for HY2020 to HK\$12.6 million for HY2021, which was mainly due to the increase in legal and professional expenses by HK\$7.5 million.

**(c) Finance costs**

Finance costs decreased by 38.9% from HK\$106.2 million for HY2020 to HK\$64.9 million for HY2021, which was mainly due to no interests on convertible bonds and interests on finance leasing during the first half of 2021.

**(d) Income tax expense**

For HY2020 and HY2021, income tax expense was calculated at the respective applicable tax rates on the estimated assessable profits of its PRC subsidiaries and Hong Kong subsidiaries.

Income tax expenses of HK\$3.3 million for HY2021 represented the current taxation arising from the PRC subsidiaries of HK\$8.3 million and the deferred tax credit of HK\$5.0 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**

The Group's profit for the period attributable to the owners of the Company was HK\$40.1 million for HY2021, representing a decrease by HK\$23.8 million from HK\$63.9 million for HY2020.

**(f) Reversal of impairment of financial assets**

The reversal of impairment of the Group's financial assets for HY2021 was HK\$34.3 million, representing an increase of HK\$6.7 million as compared to the reversal of HK\$27.6 million for HY2020, which comprised the reversal of impairment of receivables of HK\$33.8 million and reversal of impairment of deposits paid for acquisition of subsidiaries of HK\$0.5 million.

**CAPITAL STRUCTURE AND FINANCIAL RESOURCES**

The Group financed its operations with shareholders' equity, bank and other borrowings and lease liabilities.

The Group maintained cash and bank balances amounting to HK\$836.4 million as at 30 June 2021 (31 December 2020: HK\$752.4 million), an increase by 11.2% from 31 December 2020, which include HK\$339.7 million of pledged deposits (31 December 2020: HK\$47.0 million).

The Group had total bank and other borrowings of HK\$3,747.9 million as at 30 June 2021 (31 December 2020: HK\$3,518.4 million). The Group's leverage ratio, which is total bank and other borrowings divided by the total assets was 65.9% (31 December 2020: 64.3%).

The Group's non-current assets increased to HK\$3,960.1 million (31 December 2020: HK\$3,785.7 million), primarily due to the increase in (i) interests in associates by HK\$170.2 million; and (ii) property, plant and equipment by HK\$12.8 million.



As at 30 June 2021, the Group's current assets amounted to HK\$1,730.3 million (31 December 2020: HK\$1,687.6 million), mainly comprised of trade receivables of HK\$172.0 million (31 December 2020: HK\$249.3 million), cash and bank balances of HK\$496.6 million (31 December 2020: HK\$705.4 million), pledged deposits of HK\$339.7 million (31 December 2020: HK\$47.0 million), amounts due from joint ventures of HK\$5.1 million (31 December 2020: HK\$41.8 million), inventories of HK\$38.7 million (31 December 2020: HK\$18.4 million), contract assets of HK\$48.9 million (31 December 2020: HK\$52.6 million), financial assets at FVTPL of HK\$0.7 million (31 December 2020: HK\$7.1 million), prepayments, deposits and other receivables of HK\$625.0 million (31 December 2020: HK\$564.9 million), and amounts due from associates of HK\$3.6 million (31 December 2020: HK\$1.1 million).

As at 30 June 2021, the Group's current liabilities amounted to HK\$4,673.5 million (31 December 2020: HK\$4,379.2 million), mainly comprised of bank and other borrowings of HK\$3,616.4 million (31 December 2020: HK\$3,364.8 million), other payables and accrued charges of HK\$494.0 million (31 December 2020: HK\$497.0 million), trade payables and bills payables of HK\$395.5 million (31 December 2020: HK\$357.1 million), lease liabilities of HK\$7.2 million (31 December 2020: HK\$4.6 million), amount due to joint ventures of HK\$155.1 million (31 December 2020: HK\$151.3 million) and amount due to associates of HK\$5.3 million (31 December 2020: HK\$4.4 million).

As at 30 June 2021, the net current liabilities of the Group amounted to HK\$2,943.2 million (31 December 2020: net current liabilities of HK\$2,691.5 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) was 0.37 as at 30 June 2021 (31 December 2020: 0.39).

The Group's net liability ratio (expressed as net borrowings, including bank and other borrowings less pledged deposits and cash and bank balances, divided by total equity), was 384.6% as at 30 June 2021 (31 December 2020: 341.4%).

During HY2021, 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**

The Group's employees are based in Hong Kong and the PRC. As at 30 June 2021, there were 969 (31 December 2020: 1,052) 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.

### **Tax Relief**

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

### **Charges on the Group's Assets**

As at 30 June 2021, certain property, plant and equipment of the Group with carrying amounts of approximately HK\$644.0 million (31 December 2020: HK\$900 million) were pledged. There were also shares charged over 100% equity interest of a subsidiary of the Company and guarantee from the substantial shareholder of the Company. In addition, the Group's secured bank borrowings were secured by the Group's bank balances of HK\$339.7 million (31 December 2020: HK\$47.0 million).

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGES RATES**

The Group's major debts and borrowings and the reporting currencies are denominated in HK\$. The Group has limited exposure to foreign exchange gain/loss arising from settlement of debts and borrowings. The Group will consider to utilize more RMB denominated borrowings in the future. The Group's revenue is mainly denominated in RMB. As the RMB is not a freely convertible currency and is regulated by the PRC government, the future exchange rates can vary significantly from current or historical exchange rates. Meanwhile, the Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group had no material contingent liabilities.

## **DIVIDEND**

The Board did not recommend a payment of interim dividend for HY2021.

## **DISPOSAL OF EQUITY INTEREST**

On 3 July 2020, Shenzhen Feida Energy Co., Ltd. (深圳翡達能源有限公司), Shenzhen Jinzhifu Energy Co., Ltd. (深圳金置富能源有限公司) and Shenzhen Zhanding Technical Service Co., Ltd. (深圳展頂技術服務有限公司) (the “**Vendors**”, each being an indirect wholly-owned subsidiary of the Company) and the Company, as guarantor, entered into the share purchase agreements with SK E&S HongKong Corporation Limited (the “**Purchaser**”), pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to acquire from each of the Vendors 30% equity interest in Ningbo Beilun Bochen Energy Trading Co., Ltd. (寧波北侖博臣能源貿易有限公司), Huzhou Bochen Natural Gas Co., Ltd. (湖州博臣天然氣有限公司) and Zhejiang Boxin Energy Co., Ltd. (浙江博信能源有限公司) at a consideration of RMB37.5 million, RMB30.0 million and RMB61.5 million, respectively. For details, please refer to the announcement of the Company dated 3 July 2020. Due to the disagreement between shareholders of both parties on certain terms of the contract including equity cooperation and natural gas sales and purchase, both parties agreed to terminate the natural gas purchase and sales and equity cooperation through friendly negotiation in July 2021. The termination agreement is expected to be signed in November 2021.

## **CONTINUING CONNECTED TRANSACTIONS**

On 25 February 2021, the Company entered into the Master Agreement with Beijing Gas Group Co., Ltd. (Beijing Gas Company Limited, the controlling shareholder of the Company holding approximately 41.13% of the issued share capital of the Company, was indirectly wholly-owned by Beijing Gas Group Co., Ltd.), pursuant to which Beijing Gas Group Co., Ltd. agreed to sell LNG to the Company for a term of a period commencing from 25 February 2021 to 31 December 2023.

The entering into of the Master Agreement was approved by the independent Shareholders at the special general meeting held on 5 May 2021.

For details, please refer to the Company's announcement dated 25 February 2021, circular dated 14 April 2021 and poll results announcement dated 5 May 2021.

## SUSPENSION OF TRADING IN SHARES AND RESUMPTION PROGRESS

### (a) Resumption Guidance

As disclosed in the announcement of the Company dated 17 January 2021, the Company has identified a number of suspicious transactions and questionable assets of the Group (the “**Incident**”). At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 January 2021. The Company subsequently received a letter from the Stock Exchange, which set out the following resumption guidance for the resumption of trading in the shares of the Company (the “**Resumption Guidance**”):

- (i) to conduct a forensic investigation into the Incident, announce the investigation findings, assess and announce the impact on the Company’s financial and operation position, and take appropriate remedial actions;
- (ii) to demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence;
- (iii) to demonstrate that the Company has in place adequate internal control systems to meet the obligations under the Listing Rules;
- (iv) to demonstrate compliance with Rule 13.24 of the Listing Rules;
- (v) to inform the market of all material information for the Company’s shareholders and other investors to appraise its positions; and
- (vi) to publish all outstanding financial results and address any audit modifications in accordance with the Listing Rules.

The Stock Exchange has further indicated that it might modify or supplement the Resumption Guidance if the Company’s situation changes. If the Company fails to remedy the issues causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in the shares of the Company by 17 July 2022, the Listing Department will recommend the Listing Committee to proceed with the cancellation of the Company’s listing.

### (b) Resumption Progress

#### ***Forensic investigation***

In February 2021, the Board resolved to establish a special investigation committee (the “**Special Committee**”), for the purpose of, among other things, investigating into the Incident and reporting and making recommendations to the Board on appropriate actions to be taken. Thereafter, PricewaterhouseCoopers Management Consulting (Shanghai) Ltd. was appointed as the independent forensic accountant (the “**Forensic Accountant**”) to assist the Special Committee in conducting the forensic investigation. On 29 September 2021, the Company announced the key findings of the investigation. The Special Committee, after having reviewed the report submitted by the Forensic Accountant, recommended that the Board to adopt the findings of the investigation and made recommendations to the Board on the appropriate actions to be taken. The Board has resolved to implement the recommendations made by the Special Committee. It is expected that all the recommendations will be fully implemented by the end of November 2021.



### ***Publication of outstanding financial results***

The Company has issued an announcement dated 30 September 2021 announcing the annual results of the Group for the year ended 31 December 2020. The annual report for the year ended 31 December 2020 has been published on 25 October 2021. The interim report for HY2021 is expected to be published on or before 30 November 2021.

### ***Review of internal control systems***

As of the date of this announcement, the internal control review is on-going and is expected to be completed on or before 30 November 2021. Subject to the results of the internal control review, the Company will consider implementing the recommendations made by the internal control consultant to remedy the relevant deficiencies.

The Company has engaged and has been working closely with its experienced advisory team to consider various feasible options to deal with debt restructuring and resumption, including but not limited to devising plans to inject assets into the Group, enhance solvency and take appropriate steps to implement the guidelines on resumption.

## **EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

As disclosed in the Company's announcement dated 15 October 2021, the Company has received demand letters from certain bank creditors. Notwithstanding the foregoing, the Group's operations in the PRC remain stable, and the business of each segment continues as normal. The Group is proactively communicating with its substantial shareholder to seek for its assistance. The Company will continue its efforts to reach a consensual restructuring proposal with its creditors and maintain its business operations. Whilst repayments of principal and interest on its debts have been suspended, the Company hopes to enter into a standstill agreement with its creditors and finalise its restructuring proposal as soon as practicable.

Further announcement(s) will be made by the Company as and when appropriate.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee of the Board (the "**Audit Committee**") comprises five members, namely Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing, Mr. Cui Yulei and Ms. Hsu Wai Man Helen ("**Ms. Hsu**"), all being independent non-executive Directors. Ms. Hsu is the chairlady of the Audit Committee. The Audit Committee 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 also reviewed with the management the condensed consolidated financial statements of the Company and its unaudited consolidated interim results for the six months ended 30 June 2021.

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

During HY2021, neither the Company nor any of its subsidiaries has 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 Listing Rules. The Company has complied with the code provisions listed in the CG Code during the HY2021.

## **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 period ended 30 June 2021.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bgbluesky.com](http://www.bgbluesky.com)). The interim report of the Company for HY2021 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the aforesaid websites in due course.

## **CONTINUED SUSPENSION OF TRADING OF SHARES**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 January 2021 and will remain suspended until the Company fulfills the resumption guidance provided by the Stock Exchange on 24 February 2021 and 22 April 2021.

Further announcement(s) will be made by the Company to inform potential investors of the Company any material development as and when appropriate.

By order of the Board  
**Beijing Gas Blue Sky Holdings Limited**  
**Zhi Xiaoye**  
*Chairman*

Hong Kong, 29 October 2021

*As at the date of this announcement, the executive Directors are Mr. Li Weiqi, Mr. Jin Qiang, Ms. Yang Fuyan and Mr. Ye Hongjun; the non-executive Directors are Mr. Zhi Xiaoye and Mr. Cheng Ming Kit (duties suspended); and the independent non-executive Directors are Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing, Mr. Cui Yulei and Ms. Hsu Wai Man Helen.*