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 2023

HIGHLIGHTS

- The Group reported revenue of HK$1,191.5 million for HY2023 (HY2022: HK$919.3 million), representing an increase of 29.6% as compared to the corresponding period of last year. The Group's total gross profit was HK$44.6 million for HY2023 (HY2022: HK$40.6 million), representing an increase of 9.8% as compared to the corresponding period of last year. The Group's gross profit margin decreased from 4.4% for HY2022 to 3.7% for HY2023.

- During HY2023, the Group's total gas sales volume amounted to 329.9 million cubic meters (HY2022: 179.3 million cubic meters), representing a significant increase of 84.0% as compared to the corresponding period of last year, which was mainly due to the fact that (i) the demand of natural gas increased in HY2023; and (ii) the Company completed the acquisition of the city gas project in Teng County, Guangxi at the end of 2022, driving the growth of the city gas business of the Group significantly.

- Profit for HY2023 of the Group was HK$43.1 million (HY2022: HK$18.3 million), representing an increase of 135.3% as compared to the corresponding period of last year. Profit attributable to the shareholders of the Company was HK$32.3 million (HY2022: HK$20.0 million), representing an increase of 61.6% as compared to the corresponding period of last year. It was mainly due to (i) the increase in revenue in the Period as compared to the corresponding period in 2022; (ii) the decrease in recognition of legal and professional fees during the Period as compared to the corresponding period of last year, as the expenses for the relevant professional services for the resumption of trading in the shares of the Company have been recognised by the Group in the corresponding period of 2022 and such expenses incurred are non-recurring items; and (iii) the decrease in administrative expenses as a result of the continuous implementation of cost reduction and efficiency enhancement during the Period.

- EBITDA amounted to HK$173.6 million for HY2023 (HY2022: HK$117.4 million), representing an increase of 47.9% as compared to the corresponding period of last year.

- Basic and diluted earnings per Share for HY2023 were HK0.14 cents (HY2022: HK0.15 cents) and HK0.14 cents (HY2022: HK0.15 cents) respectively.

- The Board does not recommend the declaration of interim dividend for HY2023 (HY2022: Nil).

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 2023 ("**HY2023**" or the "**Period**") together with the comparative figures for the same period in 2022 ("**HY2022**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*6*	**1,191,450**	919,261
Cost of sales		**(1,146,846)**	(878,622)
Gross profit		**44,604**	40,639
Other income and gains, net	*7*	**8,189**	17,623
Administrative expenses		**(71,929)**	(96,128)
Reversal of impairment of financial assets, net	*9*	**22,972**	14,768
Other expenses, net		**(16,356)**	(41,067)
Finance costs	*8*	**(76,700)**	(52,772)
Share of profits/(losses) of:			
Joint ventures		**160**	(600)
Associates		**135,650**	137,114
PROFIT BEFORE TAX	*9*	**46,590**	19,577
Income tax	*10*	**(3,506)**	(1,269)
PROFIT FOR THE PERIOD		**43,084**	18,308
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(13,300)**	(10,094)
Share of other comprehensive loss of joint ventures and associates		**(92,835)**	(81,050)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX		**(106,135)**	(91,144)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(63,051)**	(72,836)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**32,272**	19,968
Non-controlling interests		**10,812**	(1,660)
		43,084	18,308
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**(70,123)**	(69,694)
Non-controlling interests		**7,072**	(3,142)
		(63,051)	(72,836)
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*12*		
Basic and diluted (HK cents)		**0.14**	0.15

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	**30 June 2023** **HK$'000** **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**579,312**	627,733
Investment properties		**68,302**	73,415
Right-of-use assets		**54,021**	47,756
Goodwill		**777,044**	777,044
Operating rights		**399,273**	409,565
Investments in joint ventures		**25,601**	24,719
Investments in associates		**1,937,491**	1,893,268
Deposits paid for acquisition of subsidiaries		**–**	–
Prepayments, deposits and other receivables		**1,546**	2,027
Equity investments at fair value through other comprehensive income		**468**	474
Total non-current assets		**3,843,058**	3,856,001
CURRENT ASSETS			
Inventories		**21,790**	20,255
Trade receivables	*13*	**116,532**	111,821
Contract assets		**45,731**	42,968
Prepayments, deposits and other receivables		**497,104**	519,930
Due from joint ventures		**78,336**	79,171
Due from associates		**3,238**	7,458
Due from related parties		**13,542**	11,827
Financial assets at fair value through profit or loss		**104**	127
Income tax recoverable		**964**	1,041
Restricted cash and pledged deposits		**34,620**	16,051
Cash and cash equivalents		**354,982**	554,062
Total current assets		**1,166,943**	1,364,711

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2023

	Note	**30 June 2023** **HK$'000** **(Unaudited)**	31 December 2022 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and bill payables	*14*	**110,304**	131,039
Other payables and accruals		**538,930**	460,771
Due to joint ventures		**22,671**	63,837
Income tax payables		**39,907**	61,715
Bank and other borrowings		**1,575,357**	1,700,276
Lease liabilities		**3,267**	5,931
Provision for litigations		**41,985**	43,987
Total current liabilities		**2,332,421**	2,467,556
NET CURRENT LIABILITIES		**(1,165,478)**	(1,102,845)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,677,580**	2,753,156
NON-CURRENT LIABILITIES			
Bank and other borrowings		**750,822**	770,512
Convertible bond		**236,263**	236,263
Lease liabilities		**19,018**	9,116
Deferred tax liabilities		**105,353**	108,090
Total non-current liabilities		**1,111,456**	1,123,981
NET ASSETS		**1,566,124**	1,629,175
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**1,250,486**	1,250,486
Reserves		**36,045**	106,168
		1,286,531	1,356,654
Non-controlling interests		**279,593**	272,521
TOTAL EQUITY		**1,566,124**	1,629,175

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Beijing Gas Blue Sky Holdings Limited (the "**Company**") is 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 the 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 HY2023, the Company and its subsidiaries (collectively referred to as the "**Group**") were engaged in the following principal activities:

- the distribution and sale of natural gas to residential, industrial and commercial consumers through pipelines, sale of gas-related equipment and the provision of pipeline construction services and related value-added services such as repair and maintenance services;
- the sale of liquefied natural gas ("**LNG**") to industrial end users through direct supply facilities;
- the trading and distribution of compressed natural gas ("**CNG**"), LNG, fuel oil and other related oil byproducts as a wholesaler to industrial and commercial users; and
- the operation of CNG and LNG refueling stations for vehicles.

As at 30 June 2023, the immediate holding company of the Company is Beijing Gas Company Limited ("**Beijing Gas HK**"), which is incorporated in Hong Kong with limited liability and, in the opinion of the directors, the ultimate holding company of the Company is Beijing Enterprises Group Company Limited (北京控股集團有限公司), which is a state-owned enterprise established in the People's Republic of China ("**PRC**") and wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality.

2.1 BASIS OF PRESENTATION

Despite that the Group had net current liabilities of approximately HK$1,165.5 million as at 30 June 2023, the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern after taking into account, inter alia, the historical operating performance of the Group and the following:

(i) a syndicated loan of HK$1,013.0 million was drawn down by the Group in January 2023 pursuant to a facility agreement entered into between the Company and a group of banks. The syndicated loan will be repayable in one year after drawdown. The Company has two extension options to extend the maturity date: (a) extension of additional 12 months, with 10% and 90% of the facility amount to be repaid after 12 months and 24 months of the drawdown date; and (b) further extension of additional 12 months after the first extension, with 10%, 10% and 80% of the facility amount to be repaid after 12 months, 24 months and 36 months of the drawdown date;

(ii) the Group obtained an offer from a bank for the provision of a revolving loan facility of HK$400 million to the Company in August 2023; and

(iii) continuous financial support was received from the Company's holding companies.

Accordingly, the unaudited condensed consolidated interim financial information has been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

2.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has 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 (the "**Listing Rules**"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. It has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

The unaudited interim condensed consolidated financial information is presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

This interim condensed consolidated financial information has not been audited, but has been reviewed by the Company's Audit Committee.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 *Definition of Accounting Estimates* clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as and decommissioning obligations at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

4. SEASONALITY OF OPERATIONS

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

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

5. 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 operation segment engages in the distribution and sales of natural gas to residential, industrial and commercial consumers through pipelines, the sale of gas-related equipment and the provision of pipeline construction services and related value-added service such as repair and maintenance services. Share of result of an associate, which is engaged in provision of port facilities for vessels and re-gasification of LNG, is also included in this segment;

2. Direct supply to industrial users segment engages in the sale of LNG to industrial users through direct supply facilities;

3. Trading and distribution of natural gas segment trades and distributes CNG, LNG, fuel oil and other related oil by-product as a wholesaler to industrial users and commercial users; and

4. Natural gas refueling stations segment operates CNG and LNG refueling stations for vehicles.

The management monitors the results of each operating segment of the Group separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit for the period of the Group. The profit for the period of each segment is measured consistently with the Group's profit before tax except that other income and gains, net, finance costs, reversal of impairment of unallocated financial assets, net, as well as head office and corporate income and expenses are excluded from such measurement.

5. OPERATING SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2023

	City gas operation *HK$'000* **(Unaudited)**	**Direct supply to industrial users** *HK$'000* **(Unaudited)**	**Trading and distribution of natural gas** *HK$'000* **(Unaudited)**	**Natural gas refueling stations** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
External segment revenue	**517,213**	**16,668**	**634,452**	**23,117**	**1,191,450**
Segment profit/(loss)	**121,307**	**2,624**	**(7,937)**	**(1,012)**	**114,982**
Unallocated other income and gains, net					**8,189**
Unallocated corporate expenses					**(22,853)**
Finance costs					**(76,700)**
Reversal of impairment of unallocated financial assets, net					**22,972**
Profit before tax					**46,590**

For the six months ended 30 June 2022

	City gas operation *HK$'000* (Unaudited)	Direct supply to industrial users *HK$'000* (Unaudited)	Trading and distribution of natural gas *HK$'000* (Unaudited)	Natural gas refueling stations *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
External segment revenue	332,044	17,972	549,329	19,916	919,261
Segment profit/(loss)	112,936	(1,372)	(11,496)	(534)	99,534
Unallocated other income and gains, net					17,623
Unallocated corporate expenses					(59,576)
Finance costs					(52,772)
Reversal of impairment of unallocated financial assets, net					14,768
Profit before tax					19,577

5. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

No geographical information is presented as more than 90% of the revenue during each of the periods ended 30 June 2023 and 2022 was derived from Mainland China, and more than 90% of the Group's non-current assets (other than financial assets) as at 30 June 2023 and 2022 are located in Mainland China.

6. REVENUE

An analysis of the Group's revenue for the period:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
City gas operation	**517,213**	332,044
Direct supply to industrial users	**16,668**	17,972
Trading and distribution of natural gas	**634,452**	549,329
Natural gas refueling stations	**23,117**	19,916
	1,191,450	919,261

7. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net for the period is as follows:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**1,387**	1,281
Rental income	**880**	716
Income from sale of gas appliances	**–**	685
Government subsidies and grants	**563**	1,782
Gain on disposal of a joint venture	**–**	5,961
Changes in fair value of financial assets at fair value through profit or loss	**(23)**	679
Foreign exchange differences, net	**(555)**	(1,392)
Others	**5,937**	7,911
	8,189	17,623

8. FINANCE COSTS

An analysis of the Group's finance costs for the period is as follows:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expense on bank loans	**29,637**	34,425
Interest expense on corporate bonds	**18,035**	13,250
Interest expense on a loan from the immediate holding company	**17,379**	–
Interest expense on convertible bond	**8,450**	–
Interest expense on other loans	**2,970**	4,620
Interest expense on lease liabilities	**229**	477
	76,700	52,772

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,127,376**	851,977
Depreciation of property, plant and equipment	**34,412**	32,427
Depreciation of investment properties	**1,848**	1,102
Depreciation of right-of-use assets	**3,766**	7,512
Amortisation of operating rights*	**10,292**	4,020
Lease payments not included in the measurement of lease liabilities	**565**	632
Employee benefit expenses (including directors' emoluments):		
– Salaries, bonuses and other benefits	**34,088**	42,257
– Contribution to defined contribution plans	**8,383**	8,895
	42,471	51,152
Reversal of impairment of financial assets, net:		
– Trade receivables	**(143)**	(5,051)
– Other receivables	**(13,820)**	(9,717)
– Deposits paid for acquisition of subsidiaries	**(9,009)**	–
	(22,972)	(14,768)

* The amortisation of operating rights for the period is included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

10. INCOME TAX

No Hong Kong profits tax has been provided for the six months ended 30 June 2023 as the Group did not derive any assessable profits in Hong Kong for that period (HY2022: Nil).

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**6,243**	1,827
Deferred	**(2,737)**	(558)
Total tax expense for the period	**3,506**	1,269

11. DIVIDEND

The Board does not recommend declaration of interim dividend for the six months ended 30 June 2023 (HY2022: Nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the period attributable to shareholders of the Company of HK$32,272,000 (HY2022: HK$19,968,000), and the weighted average number of ordinary shares of 22,736,114,715 (HY2022: 12,986,114,715) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for each of the periods ended 30 June 2023 and 2022 for a dilution as (i) in respect of the period ended 30 June 2023, the impact of the convertible bond of the Company had an anti-dilutive effect on the basic earnings per share amount presented; and (ii) in respect of the period ended 30 June 2022, there were no potential ordinary shares outstanding.

13. TRADE RECEIVABLES

	30 June	31 December
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**283,013**	286,393
Impairment	**(166,481)**	(174,572)
	116,532	111,821

13. TRADE RECEIVABLES (Continued)

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 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Unbilled portion* and billed within 3 months	**69,354**	70,894
Billed:		
4 to 6 months	**7,072**	8,898
7 to 12 months	**10,350**	3,958
Over 1 year	**29,756**	28,071
	116,532	111,821

* The unbilled balance was attributable to sale of natural gas near the period end date and such sale will be billed in one month after each of the reporting periods.

14. TRADE AND BILLS PAYABLES

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

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Billed:		
Within 3 months	**48,652**	24,780
4 to 6 months	**10,913**	19,362
7 to 12 months	**11,884**	9,553
Over 1 year	**32,470**	53,748
	103,919	107,443
Unbilled*	**6,385**	23,596
	110,304	131,039

* The unbilled balance was attributable to purchase of natural gas near the period end date and such purchase will be billed in one month after each of the reporting periods.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Chinese economy stabilises and picks up with momentum of growth. This demonstrates that the country takes more solid steps towards high-quality development. Meanwhile, the PRC still faces many risks and challenges in its economic and social development. Internationally, there is still considerable uncertainty about the external circumstances amid the complicated and changing international geopolitical situation and turbulent financial markets. Domestically, the foundation of economic recovery is not yet solid since the market is still on the road to recovery after the COVID-19. As a result of the foregoing, the energy industry in which the Group operates is still facing certain difficulties. From a macro perspective, both global investment environment and energy industry are disrupted by the struggling global economy, which is attributable to the geopolitical tension, slow economic recovery after COVID-19, and high inflation, coupled with the tightening of monetary policies by central banks globally.

The year 2023 is crucial for the implementation of the "Plan for Modern Energy System During the 14th Five-year Period"(《十四五現代能源體系規劃》) and the "Plan for Renewable Energy Development During the 14th Five-year Period" (《十四五可再生能源發展規劃》). In April 2023, the National Energy Administration issued the "Guiding Opinions on Energy Work for 2023" (《2023年能源工作指導意見》) (the "**Guiding Opinions**"). According to the Guiding Opinions, the target for 2023 is to increase the share of non-fossil energy in total energy consumption to approximately 18.3%. Share of the installed capacity of non-fossil energy sources is targeted to increase to approximately 51.9%, and the share of wind power and photovoltaic power generation in the total electricity consumption is targeted to reach 15.3%. As the Guiding Opinions indicates that the potential of clean energy will further expand, the Group will capitalise on its strengths to promote and optimise its existing natural gas business in an orderly manner. The Group will also proactively grasp the market opportunities arising from the goal of carbon peaking and carbon neutrality by accelerating efforts to develop the renewable energy and clean energy.

BUSINESS REVIEW

During HY2023, the Group's total gas sales volume amounted to 329.9 million cubic meters (HY2022: 179.3 million cubic meters), representing a significant increase of 84.0% as compared to the corresponding period of last year, which was mainly due to (i) the demand of natural gas increased in HY2023; and (ii) the completion of the Company's acquisition of the city gas project located in Teng County, Guangxi at the end of 2022, driving a growth of the city gas business of the Group significantly.

During HY2023, the revenue of the Group was HK$1,191.5 million (HY2022: HK$919.3 million), representing an increase of 29.6% as compared to the corresponding period of last year, which was primarily due to (i) the increase in revenue from the natural gas trading and distribution business; and (ii) the contribution of the revenue from the city gas business in Teng County, Guangxi that was acquired by the Company at the end of 2022. The total gross profit of the Group was HK$44.6 million for HY2023 (HY2022: HK$40.6 million), representing an increase of 9.8% as compared to the corresponding period of last year. The gross profit margin was 3.7% (HY2022: 4.4%), also representing a decrease as compared to the corresponding period of last year. For HY2023, profit for the Period of the Group was HK$43.1 million (HY2022: HK$18.3 million), representing an increase of 135.3% as compared to the corresponding period of last year. Profit attributable to the shareholders of the Company was HK$32.3 million (HY2022: HK$20.0 million), representing an increase of 61.6% as compared to the corresponding period of last year, which was mainly due to (i) the increase in revenue in the Period as compared to the corresponding period in 2022; (ii) the decrease in recognition of legal and professional fees during the Period as compared to the corresponding period of last year, as the expenses for the relevant professional services for the resumption of trading in the shares of the Company have been recognised by the Group in the corresponding period of 2022 and such expenses incurred were non-recurring items; and (iii) the decrease in administrative expenses as a result of the continuous implementation of cost reduction and efficiency enhancement during the Period.

As at 30 June 2023, the Group's natural gas projects covered a total of 10 provinces, municipalities and autonomous regions in the PRC, details of which are set out below:

Location	**LNG/ CNG refuelling stations Approximate gas sales volume**	**City gas Approximate gas sales volume**	**Direct supply Approximate gas sales volume**	**Trading and distribution Approximate gas sales volume**	**Subtotal Approximate gas sales volume**	**LNG processing volume Approximate processing volume**	**Total Approximate volume** *(Note 1)*
	(cubic meter)	*(cubic meter)*	*(cubic meter)*	*(cubic meter)*	*(cubic meter)*	*(cubic meter)*	*(cubic meter)*
Subsidiaries:							
Zhejiang Province	–	–	–	164,860,650	164,860,650	–	164,860,650
Shanxi Province	1,154,600	52,090,000	–	–	53,244,600	–	53,244,600
Guangxi Zhuang Autonomous Region	–	49,351,853	–	–	49,351,853	–	49,351,853
Anhui Province	–	–	2,797,200	28,075,600	30,872,800	–	30,872,800
Jilin Province	1,176,600	19,811,193	–	–	20,987,793	–	20,987,793
Beijing Municipality	–	–	–	3,538,300	3,538,300	–	3,538,300
Hainan Province	2,293,352	–	360,012	238,560	2,891,924	–	2,891,924
Shanghai Municipality	–	–	–	2,199,926	2,199,926	–	2,199,926
Liaoning Province	–	1,967,700	–	–	1,967,700	–	1,967,700
Subtotal	4,624,552	123,220,746	3,157,212	198,913,036	329,915,546	–	329,915,546
Associates:							
Hebei Province	–	–	–	–	–	3,096,000,000	3,096,000,000
Hainan Province	14,000,000	–	–	20,000,000	34,000,000	–	34,000,000
Subtotal	14,000,000	–	–	20,000,000	34,000,000	3,096,000,000	3,130,000,000
Total	18,624,552	123,220,746	3,157,212	218,913,036	363,915,546	3,096,000,000	3,459,915,546

Note 1: Representing the sales volume of the projects from (i) the date of completion of the acquisition by the Group; (ii) the date of commencement of operation; and (iii) 1 January 2023 (whichever is later) to the end of the reporting period. Therefore, the above sales volume does not reflect the operating performance of the projects for the whole period.

Financial highlights:

	For the six months ended 30 June		
	2023	2022	Change
	(unaudited)	(unaudited)	
	HK$'000	*HK$'000*	*%*
Revenue	**1,191,450**	919,261	29.6
Gross profit	**44,604**	40,639	9.8
Gross profit ratio (in percentage)	**3.7%**	4.4%	(15.9)
Profit for the Period	**43,084**	18,308	135.3
Profit attributable to shareholders	**32,272**	19,968	61.6
Basic EPS (in HK cents)	**0.14**	0.15	(6.7)
EBITDA	**173,608**	117,410	47.9

	30 June 2023	31 December 2022	Change
	(unaudited)	(audited)	
	HK$'000	*HK$'000*	*%*
Cash and cash equivalents	**354,982**	554,062	(35.9)
Total assets	**5,010,001**	5,220,712	(4.0)
Total equity	**1,566,124**	1,629,175	(3.9)

Development and Operation of City Gas Business

During HY2023, the Group kept adjusting its strategy and development direction to optimise and integrate its city gas business portfolio to respond to the changing PRC market and the global economic environment. Currently, the Group owns 6 city gas projects. Details of the operation performance of the Group's development and operation of city gas business for HY2023 are set out below:

	As at 30 June 2023	As at 30 June 2022	Change %
Natural gas volume sold (million cubic meters)	**123.2**	**71.4**	**72.5**
– Residential users	42.7	40.5	5.4
– Non-residential users	80.5	30.9	160.5

The natural gas sold to residential users and non-residential users reached 123.2 million cubic meters (HY2022: 71.4 million cubic meters), representing an increase of 72.5% as compared to the corresponding period of last year, which was mainly due to the contribution from the completion of the acquisition of the City Gas Project in Teng County, Guangxi at the end of 2022, especially the natural gas sales to industrial users of the Guangxi Project. For the Period, the Group connected gas pipelines for 13,442 new users and the accumulated number of users reached 517,441 of which 13,403 were new residential users and the accumulated number of residential users reached 513,932; the Group secured 39 new non-residential users and the accumulated non-residential users reached 3,509.

The Group recorded a sales revenue of HK$517.2 million from city gas business during HY2023 (HY2022: HK$332.0 million), representing an increase of 55.8% as compared to the corresponding period of last year. During HY2023, it recorded income from natural gas sales and other services of HK$465.7 million (HY2022: HK$284.0 million), representing an increase of 64.0% as compared to the corresponding period of 2022. It was mainly due to the contribution from the completion of the acquisition of the City Gas Project in Teng County, Guangxi at the end of 2022. The Group recorded connection fee income of HK$51.5 million (HY2022: HK$48.0 million), representing an increase of 7.3% as compared to the corresponding period of 2022. The increase in connection fee income during the Period was mainly due to the increase of connection services provided for industrial users as compared to the corresponding period of last year.

By completion of the capital increase and asset injection at the end of 2022, the Group strengthened its portfolio of high-quality assets under city gas business. During HY2023, gas sales volume under city gas business also recorded a remarkable growth of 72.5% as compared to the corresponding period of last year. Benefiting from the development of the city gas business operator in Teng County, Guangxi Zhuang Autonomous Region, the PRC ("**Teng County, Guangxi**") in respect of city gas, the Group has further expanded its city gas business. In the future, the Group will optimise its city gas asset portfolio, and to maximise profits in order to create greater returns for shareholders while achieving high-quality and sustainable development.

Trading and Distribution of LNG and CNG Business

During HY2023, the Group recorded a total trading volume of 198.9 million cubic meters (HY2022: 100.5 million cubic meters), representing an increase of 97.9% as compared to the corresponding period of last year and the sales of trading and distribution segment amounted to HK$634.5 million (HY2022: HK$549.3 million). The significant growth of the segment businesses was primarily due to the rise in the demand of LNG.

During HY2023, the Group faced certain pressure on business operation as a consequence of the persistent inflation, high gas source price, and the instability of global energy supply, which was affected by the intensified geopolitical tensions, evolving supply and demand for natural gas and price fluctuations of natural gas. Taking into account of the supply and demand, the Group adjusted its gas source procurement strategy in a timely manner to optimise the gas source structure. The Group made efforts to deepen its cooperation with upstream suppliers, which includes the conclusion of the master agreement for the purchase of LNG between the Group and Beijing Gas Group Co., Ltd.（北京市燃氣集團有限責任公司）("**Beijing Gas Group**"), the controlling shareholder of the Group, for a term commencing from 25 February 2021 to 31 December 2023 (both days inclusive). Further details of the master agreement are set out in the Company's announcement dated 25 February 2021.

LNG Receiving Terminal Project

As at 30 June 2023, the Group owned 29% equity interests in PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司)("**PetroChina Jingtang**"). The LNG receiving terminal of PetroChina Jingtang is the main winter peak loading and supply station in the Beijing-Tianjin-Hebei region with the largest storage capacity and the strongest peak loading capacity in the PRC. Facilities such as supporting dedicated dock and export pipelines have been constructed and the storage capacity has reached 1.28 million cubic meters, and can supply about 4 billion cubic meters of natural gas to the Beijing-Tianjin-Hebei region annually. At peak times, the gas supply by such facilities to Beijing can account for about 40% of the total consumption in Beijing.

During HY2023, the total throughput volume of LNG of PetroChina Jingtang Project amounted to 3,096.0 million cubic meters (HY2022: 2,992.1 million cubic meters), representing an increase of 3.5% as compared to the corresponding period of last year, which was mainly due to the increase in the demand benefiting from the market recovery after the COVID-19.

Other Businesses

During HY2023, the Group recorded an income of HK$16.7 million (HY2022: HK$18.0 million) from its direct supply to industrial user business, representing a decrease of 7.2% as compared to the corresponding period of last year, and sold 3.2 million cubic meters (HY2022: 3.5 million cubic meters) of natural gas. For the LNG and CNG refueling station business, the Group recorded gas sales of 4.6 million cubic meters (HY2022: 3.9 million cubic meters) and sales income of HK$23.1 million (HY2022: HK$19.9 million), representing an increase of 16.1% as compared to the corresponding period of last year.

In response to the new environmental protection policies of the PRC, the Group will actively identify market opportunities through sustainable growth, acquisitions and other means. The Group will enhance comprehensive competitiveness of the Company by speeding up the development of new energy business. The Company will create social value by improving risk and compliance management. In March 2023, the Company announced that it proposed a potential acquisition of certain equity interests in a company engaged in the energy industry. Subsequently in June 2023, the Company also announced that it entered into a strategic cooperation framework agreement with Beijing Guoneng Guoyuan Energy Technology Co., Ltd. (北京國能國源能源科技有限公司). Both announcements demonstrate that the Company focuses on seeking opportunities in the clean energy market and strengthening cooperation with market leaders in clean energy and renewable energy. The Company will continue to carry out the cooperation on a two-party or multiple-party basis through investment and technical cooperation according to local conditions to promote more clean energy and new energy cooperation projects. Further details are set out in the announcements of the Company dated 24 March 2023 and 14 June 2023 respectively.

FUTURE PROSPECTS

Currently, the PRC has entered the critical phase of its eco-civilisation, at which the country needs to improve eco-civilisation centring on carbon reduction, and enhance synergies between pollution reduction and carbon reduction along with the comprehensive transformation of economic and social development towards green development, thus achieving qualitative improvement of the eco-environment through quantitative changes. As our next step, the Group will continue to implement the national strategy of proactively responding to climate change by accelerating the transformation towards the green development.

With the steady recovery of Chinese economy, the country is expected to gain a recovery of growth in the terms of demand for natural gas in 2023, leading to a rebound in annual consumption. In terms of potential, the PRC boasts strong consumption power as it has a population of more than one billion. As the PRC is accelerating its efforts in the new urbanisation, rural revitalisation and green and low-carbon transformation, huge potential will be unleashed in the energy market. Looking ahead, we will place the development of new energy in an even more prominent position and will move faster to create a new energy business system. We will deepen our cooperation with relevant institutions or enterprises in relation to clean energy by promoting the establishment of clean energy partnerships to facilitate the role of clean energy in energy transformation.

FINANCIAL REVIEW

Revenue

Revenue increased by 29.6% from HK$919.3 million for HY2022 to HK$1,191.5 million for HY2023, mainly due to (i) the increase in revenue from the trading and distribution of natural gas business; and (ii) the contribution from the acquisition of the city gas project in Teng County of Guangxi that was completed at the end of 2022.

Gross profit and gross profit margin

The Group recorded gross profit of HK$44.6 million for HY2023 (HY2022: HK$40.6 million), representing an increase of 9.8% as compared to the corresponding period of last year. The Group's gross profit margin decreased from 4.4% for HY2022 to 3.7% for HY2023, which was mainly due to the increase in cost of sales caused by continuous upstream price adjustment.

Earnings before interests, tax, depreciation and amortisation

Earnings before interests, tax, depreciation and amortisation increased by 47.9% from HK$117.4 million for HY2022 to HK$173.6 million for HY2023. It was resulted from gradual receding of the global COVID-19 in HY2023 and the continuous stringent cost control.

Other income and gains, net

Other income and gains decreased to HK$8.2 million (HY2022: HK$17.6 million) for HY2023. A gain on disposal of a joint venture of HK$6.0 million was recognised in HY2022, and such item was a one-off item that was incurred in HY2022.

Administrative expenses

Administrative expenses decreased by 25.2% from HK$96.1 million for HY2022 to HK$71.9 million for HY2023. It was mainly due to the decrease in daily operational costs (e.g., staff costs) as a result of the implementation of cost reduction and efficiency enhancement and further improvement of the Group's operational efficiency.

Reversal of impairment of financial assets, net

In HY2023, the Group's reversal of impairment of financial assets amounted to HK$23.0 million, representing an increase of HK$8.2 million as compared to the reversal of HK$14.8 million in HY2022.

Other expenses, net

Other expenses decreased from HK$41.1 million for HY2022 to HK$16.4 million for HY2023. This was due to the decrease in legal and professional fees recognised during the Period as compared with that recognised during the corresponding period of last year. The Group has recognised the relevant professional expenses in relation to the resumption of trading in the shares of the Company in the corresponding period in 2022, and such expenses are non-recurring items.

Finance costs

Finance costs increased by 45.3% from HK$52.8 million for HY2022 to HK$76.7 million for HY2023, which was due to the increase in HIBOR for certain bank and other borrowings of the Group in HY2023 as compared to HY2022.

Income tax

Income tax expenses were calculated at the applicable tax rates on the estimated assessable profits of the Group's subsidiaries in Mainland China and subsidiaries in Hong Kong for HY 2023 and HY 2022, respectively. Income tax expenses of HK$3.5 million (HY2022: HK$1.3 million) for HY2023 mainly represented the current taxation arising from its subsidiaries in Mainland China of HK$6.2 million.

Profit attributable to shareholders of the Company

In HY2023, the Group's profit for the Period attributable to shareholders of the Company was HK$32.3 million, representing an increase of HK$12.3 million as compared to the profit of HK$20.0 million for HY2022.

Changes in major items of the interim condensed consolidated statement of financial position

Non-current assets

Property, plant and equipment mainly represented the carrying amount of city gas projects held by the Group. The decrease in balance of property, plant and equipment of HK$48.4 million as at 30 June 2023 as compared to that at the end of 2022 was mainly due to the effect of (i) the depreciation provided for HY2023; and (ii) the exchange rate fluctuation resulting from depreciation of RMB against HK$ for HY2023.

Goodwill arose from the acquisitions of subsidiaries since 2015.

Operating rights mainly represented the operating rights arising from the acquisition of city gas project business with reference to HKFRS 3 (Revised) *Business Combinations*.

The investment in associates was mainly attributable to the Group's 29% equity interest in PetroChina Jingtang, and the increase in net value as at 30 June 2023 as compared to that as at 31 December 2022 was mainly due to the net effect of (i) share of profit from associates for the Period; and (ii) exchange rate fluctuation resulting from depreciation of RMB against HK$.

Current assets

The balance of trade receivables remained stable relative to the balance as at 31 December 2022.

The balance of prepayments, deposits and other receivables remained stable relative to the balance as at 31 December 2022.

The balance of cash and cash equivalents amounted to HK$355.0 million, representing a decrease of HK$199.1 million as compared to that as at 31 December 2022, which was mainly due to the repayment of bank and other borrowings by the Group during the Period.

Non-current liabilities

Bank and other borrowings mainly represented a shareholder loan of HK$700 million from Beijing Gas Group to the Company with maturity date of 31 December 2025 and the balance remained stable relative to the balance as at 31 December 2022.

The convertible bond represented the convertible bond in the aggregate principal amount of HK$300 million issued by the Company to Beijing Gas Group with maturity date of 28 December 2025.

Current liabilities

The balance of trade and bills payables decreased by HK$20.7 million, which was mainly due to the partial payment of construction costs by the Group during the Period.

The increase in the balance of other payables and accruals as at 30 June 2023 as compared to that as at 31 December 2022 was mainly due to the increase in the receipt in advance by the Group during the Period.

The decrease in the balance of bank and other borrowings as compared to the balance as at 31 December 2022 was mainly due to the repayment of part of short term bank and other borrowings by the Group during the Period.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

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

The Group maintained conservative treasury policies and upheld tight control over its cash and risk management. The Group maintained cash and cash equivalents amounting to HK$355.0 million as at 30 June 2023 (31 December 2022: HK$554.1 million), representing a decrease by 35.9% from 31 December 2022. In addition, the Group had restricted cash and pledged deposits of HK$34.6 million (31 December 2022: HK$16.1 million) as at 30 June 2023.

As at 30 June 2023, the Group had net current liabilities of HK$1,165.5 million (31 December 2022: HK$1,102.8 million). As at 30 June 2023, the Group's current ratio, calculated on the basis of the Group's current assets over current liabilities, was 0.50 (31 December 2022: 0.55).

As at 30 June 2023, total assets of the Group amounted to HK$5,010.0 million (31 December 2022: HK$5,220.7 million) and the Group's debt asset ratio, which is the total liabilities divided by the total assets, was 68.7% (31 December 2022: 68.8%). As at 30 June 2023, the Group had total borrowings of HK$2,562.4 million (31 December 2022: HK$2,707.1 million). The Group's leverage ratio, which is total borrowings divided by the total assets, was 51.1% (31 December 2022: 51.9%).

The Group's net liability ratio (expressed as net borrowings, including the sum of bank and other borrowings and convertible bond less cash and cash equivalents, divided by total equity), was 141.0% as at 30 June 2023 (31 December 2022: 132.2%).

During HY2023, the Group's interest on repayment of offshore bank loans also increased significantly as HIBOR hits new highs in Hong Kong in nearly a decade. In view of the reversal of interest rate spread between HK$ bank borrowings and RMB bank borrowings (from relatively low interest costs to high interest costs), the Group started to replace HK$ and USD bank and other borrowings with RMB bank borrowings in HY2023 to take full advantage of the lower-cost financing in RMB. This will alleviate the pressure of rising finance costs and mitigate the exchange rate risk on net assets due to exchange rate movements as most of the Group's operations and assets are located in Mainland China. The Group will further use lower-interest debt financing to reduce overall interest costs.

During HY2023, the Group neither entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks.

USE OF PROCEEDS FROM THE CAPITAL AND ASSET INJECTION PLAN

Up to 30 June 2023, the Group utilised the net proceeds raised from the Capital and Asset Injection Plan in accordance with the designated uses set out in the circular dated 31 October 2022 as follows:

	Net amount designated in the circular dated 31 October 2022 *(HK$ million)*	**Amount utilised up to 31 December 2022** *(HK$ million)*	**Amount utilised during HY2023** *(HK$ million)*	**Amount unutilised up to 30 June 2023** *(HK$ million)*	**% utilised as at 30 June 2023**
1. Repayment of existing bank borrowings	1,013.0	1,013.0	–	–	100%
2. Repayment of outstanding amount and interest associated with the corporate bonds issued by the Company and other borrowings of the Group	337.0	87.2	249.8	–	100%
3. Business development	94.5	–	–	94.5	0%
4. General working capital	50.0	–	50.0	–	100%
Total	1,494.5	1,100.2	299.8	94.5	93.7%

As at 30 June 2023, net proceeds from the Capital and Asset Injection Plan of HK$94.5 million was not yet utilised. The unutilised portion of the proceeds is expected to be utilised within 2023 in accordance with the designated uses previously announced by the Company. In the meantime, the unutilised portion of proceeds continues to be maintained in deposits with licensed banks.

EMPLOYEES' INFORMATION

The Group's employees are based in Hong Kong and the Mainland China. As at 30 June 2023, there were 730 (31 December 2022: 644) employees in the Group. Staff remuneration packages are determined with reference to 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, and grants discretionary incentive bonuses 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 2023, the Group's assets were secured for bank and other borrowings as follows:

(i) pledges over certain of the Group's property, plant and equipment;

(ii) pledges over the Group's equity interests in a subsidiary;

(iii) pledges over the Group's investment properties;

(iv) pledges by the right of collection of receivables from the sales of gas of a subsidiary; and/or

(v) pledges over certain of the Group's bank balances.

Save as disclosed above, the Group did not have any charges on the Group's assets as at 30 June 2023.

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 utilise more RMB denominated borrowings in the future. The Group's revenue is mainly denominated in RMB. As RMB is not a freely convertible currency and is regulated by the PRC government, 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 2023, the Group had no material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

No important events affecting the Company occurred after 30 June 2023 and up to the date of this announcement.

DIVIDEND

The Board does not recommend declaration of interim dividend for HY2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

SIGNIFICANT INVESTMENTS AND FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group had no significant investment nor were there any plan for material investments or additions of capital assets authorised by the Board as at the date of this announcement.

CONTINUING CONNECTED TRANSACTIONS

On 25 February 2021, the Company entered into the Master Agreement with Beijing Gas Group, pursuant to which Beijing Gas Group agreed to sell LNG to the Company for a term of a period commencing from 25 February 2021 to 31 December 2023. Beijing Gas Group indirectly owns the entire issued share capital of Beijing Gas Company Limited, the controlling shareholder of the Company.

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.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three members, namely Mr. Cui Yulei, Ms. Hsu Wai Man Helen ("**Ms. Hsu**") and Mr. Xu Jianwen, all being independent non-executive Directors. Ms. Hsu serves as 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 2023.

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

During HY2023, 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 HY2023.

COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgbluesky.com). The interim report of the Company for HY2023 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the aforesaid websites in due course.

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

Hong Kong, 30 August 2023

As at the date of this announcement, the executive Directors are Mr. Li Weiqi, Mr. Wu Haipeng Mr. Chen Ning and Mr. Yeung Shek Hin; the non-executive Directors are Mr. Zhi Xiaoye and Mr. Shao Dan; and the independent non-executive Directors are Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen.