



# 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



Interim Report 2024



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# CORPORATE INFORMATION

(As at 29 August 2024)

## BOARD OF DIRECTORS

### Executive Directors

Mr. Li Weiqi (*Chairman of the Board*)  
Mr. Wu Haipeng (*Chief Executive Officer*)  
Mr. Li Xianning (*Chief Financial Officer*)  
Mr. Yeung Shek Hin

### Non-executive Director

Mr. Shao Dan

### Independent Non-executive Directors

Mr. Cui Yulei  
Ms. Hsu Wai Man Helen  
Mr. Xu Jianwen

## COMMITTEE MEMBERS

### Audit Committee

Ms. Hsu Wai Man Helen (*Chairman*)  
Mr. Cui Yulei  
Mr. Xu Jianwen

### Remuneration Committee

Mr. Cui Yulei (*Chairman*)  
Ms. Hsu Wai Man Helen  
Mr. Xu Jianwen

### Nomination Committee

Mr. Li Weiqi (*Chairman*)  
Mr. Cui Yulei  
Ms. Hsu Wai Man Helen  
Mr. Xu Jianwen

### Compliance Committee

Ms. Hsu Wai Man Helen (*Chairman*)  
Mr. Yeung Shek Hin  
Mr. Cui Yulei  
Mr. Xu Jianwen

## AUTHORISED REPRESENTATIVES

Mr. Yeung Shek Hin  
Ms. Annie Chen

## COMPANY SECRETARY

Ms. Annie Chen

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HONG KONG OFFICE

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

## BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
17/F., Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

## AUDITOR

Ernst & Young  
Certified Public Accountants and  
Registered Public Interest Entity Auditor

## LEGAL ADVISER

*As to Hong Kong Law*  
Loeb & Loeb LLP  
2206-19 Jardine House  
1 Connaught Place  
Central  
Hong Kong

## COMPLIANCE ADVISER

Asian Capital Limited

## PRINCIPAL BANKERS

China CITIC Bank Corporation Limited  
China Merchants Bank Co., Ltd.  
Chong Hing Bank Limited  
Hua Xia Bank Co., Limited  
Mizuho Bank, Ltd., Hong Kong Branch  
The Industrial and Commercial Bank of China Limited

## COMPANY WEBSITE

[www.bgbluesky.com](http://www.bgbluesky.com)

## STOCK CODE

6828



# CORPORATE PROFILE

**Beijing Gas Blue Sky Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is an energy service provider focusing on the natural gas whole industry chain business, the integrated clean energy and new energy business.**

Beijing Gas Group Co., Ltd.\* (北京市燃氣集團有限責任公司) (“**Beijing Gas Group**”) is the single largest shareholder of the Company. Combined with the strengths of Beijing Gas Group, the Group is principally engaged in the businesses of (1) development and operation of city gas business; (2) trading and distribution of natural gas business; and (3) development and operation of integrated clean energy and new energy business. In response to the national “carbon peaking and carbon neutrality” goal, the Group has been actively expanding its integrated clean energy and new energy businesses through self-built projects, acquisitions and joint ventures with major shareholders and strategic partners. Integrating the Group’s leading industry technology resources and capital advantages, the Group is committed to becoming a leading energy enterprise by seizing the strategic opportunities arising from the country’s green and low-carbon energy transformation.

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>REVENUE</b>	6	<b>871,956</b>	1,191,450
Cost of sales		<b>(855,247)</b>	(1,146,846)
<b>Gross profit</b>		<b>16,709</b>	44,604
Other income and gains, net	7	<b>4,673</b>	8,189
Administrative expenses		<b>(73,219)</b>	(71,929)
Reversal of impairment of financial assets, net	9	<b>1,740</b>	22,972
Other expenses, net		<b>(1,645)</b>	(16,356)
Finance costs	8	<b>(64,168)</b>	(76,700)
Share of profits of:			
Joint ventures		<b>203</b>	160
Associates		<b>169,523</b>	135,650
<b>PROFIT BEFORE TAX</b>	9	<b>53,816</b>	46,590
Income tax	10	<b>(12,270)</b>	(3,506)
<b>PROFIT FOR THE PERIOD</b>		<b>41,546</b>	43,084
<b>OTHER COMPREHENSIVE LOSS</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(2,375)</b>	(13,300)
Share of other comprehensive loss of joint ventures and associates		<b>(14,618)</b>	(92,835)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX</b>		<b>(16,993)</b>	(106,135)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>24,553</b>	(63,051)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>55,313</b>	32,272
Non-controlling interests		<b>(13,767)</b>	10,812
		<b>41,546</b>	43,084
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>39,433</b>	(70,123)
Non-controlling interests		<b>(14,880)</b>	7,072
		<b>24,553</b>	(63,051)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	12		
Basic and diluted (HK cents)		<b>0.24</b>	0.14

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	594,454	557,041
Investment properties		65,515	67,782
Right-of-use assets		44,701	49,036
Goodwill		768,869	770,083
Operating rights		366,492	376,425
Investments in joint ventures		21,216	21,163
Investments in associates		2,136,506	1,980,279
Prepayments, deposits and other receivables		1,310	1,549
Equity investments at fair value through other comprehensive income		470	470
Restricted cash		42,704	–
Total non-current assets		4,042,237	3,823,828
<b>CURRENT ASSETS</b>			
Inventories		21,737	18,762
Trade receivables	14	80,954	86,745
Contract assets		28,945	29,732
Prepayments, deposits and other receivables		441,306	459,486
Due from joint ventures		41,401	41,278
Due from associates		1,484	193,479
Due from related parties		3,530	21,580
Financial assets at fair value through profit or loss		116	90
Income tax recoverable		1,073	1,228
Restricted cash		2,325	9,215
Cash and cash equivalents		514,517	401,344
Total current assets		1,137,388	1,262,939

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	117,058	128,294
Other payables and accruals		444,846	417,859
Due to joint ventures		21,775	21,929
Due to associates		2,140	2,681
Income tax payables		53,425	58,528
Bank and other borrowings		1,683,082	1,648,783
Lease liabilities		5,225	6,263
Total current liabilities		2,327,551	2,284,337
<b>NET CURRENT LIABILITIES</b>		<b>(1,190,163)</b>	<b>(1,021,398)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,852,074</b>	<b>2,802,430</b>
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		799,035	785,685
Convertible bond		290,778	274,366
Lease liabilities		14,778	17,141
Deferred tax liabilities		97,002	99,310
Total non-current liabilities		1,201,593	1,176,502
<b>NET ASSETS</b>		<b>1,650,481</b>	<b>1,625,928</b>
<b>EQUITY</b>			
Equity attributable to shareholders of the Company			
Issued capital		1,250,486	1,250,486
Reserves		199,639	160,206
		1,450,125	1,410,692
Non-controlling interests		200,356	215,236
<b>TOTAL EQUITY</b>		<b>1,650,481</b>	<b>1,625,928</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Unaudited)	Attributable to shareholders of the Company										
	Issued capital HK\$'000	Share premium account HK\$'000	Equity component of convertible bond HK\$'000	Investment revaluation reserve HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2023</b>	1,250,486	4,594,861	63,737	(47,317)	(43,048)	6,303	(662,687)	(3,805,681)	1,356,654	272,521	1,629,175
Profit for the period	-	-	-	-	-	-	-	32,272	32,272	10,812	43,084
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9,560)	-	(9,560)	(3,740)	(13,300)
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	-	-	(92,835)	-	(92,835)	-	(92,835)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(102,395)	32,272	(70,123)	7,072	(63,051)
Transfer to reserves	-	-	-	-	-	2,357	-	(2,357)	-	-	-
<b>At 30 June 2023</b>	1,250,486	4,594,861	63,737	(47,317)	(43,048)	8,660	(765,082)	(3,775,766)	1,286,531	279,593	1,566,124

(Unaudited)	Attributable to shareholders of the Company										
	Issued capital HK\$'000	Share premium account HK\$'000	Equity component of convertible bond HK\$'000	Investment revaluation reserve HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2024</b>	1,250,486	4,594,861*	63,737*	(47,317)*	(43,048)*	43,489*	(699,940)*	(3,751,576)*	1,410,692	215,236	1,625,928
Profit for the period	-	-	-	-	-	-	-	55,313	55,313	(13,767)	41,546
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(1,262)	-	(1,262)	(1,113)	(2,375)
Share of other comprehensive loss of joint ventures and associates	-	-	-	-	-	-	(14,618)	-	(14,618)	-	(14,618)
<b>At 30 June 2024</b>	1,250,486	4,594,861*	63,737*	(47,317)*	(43,048)*	43,489*	(715,820)*	(3,696,263)*	1,450,125	200,356	1,650,481

\* These reserve accounts comprise the consolidated reserve of HK\$199,639,000 (31 December 2023: HK\$160,206,000) in the condensed consolidated statement of financial position as at 30 June 2024.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash flows from operating activities	17,219	81,036
Net cash flows from investing activities	135,549	10,243
Cash flows from financing activities		
Increase in restricted cash	(35,814)	(18,569)
Borrowings raised, net of transaction costs	1,446,622	387,510
Repayment of lease liabilities and bank and other borrowings	(1,407,900)	(562,389)
Other financing cash flows, net	(39,176)	(48,072)
Net cash flows used in financing activities	(36,268)	(241,520)
Net increase/(decrease) in cash and cash equivalents	116,500	(150,241)
Cash and cash equivalents at the beginning of period	401,344	531,335
Effect of foreign exchange rate changes, net	(3,327)	(26,112)
Cash and cash equivalents at the end of period	514,517	354,982

# 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 the six months ended 30 June 2024 (“**HY2024**” or “**Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) were engaged in the following principal activities:

- 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, operation of compressed natural gas (“**CNG**”) and liquefied natural gas (“**LNG**”) refueling stations for vehicles and related value-added service such as repair and maintenance services;
- trading and distribution of CNG, LNG, fuel oil and other related oil byproducts as a wholesaler to industrial and commercial users, and direct LNG supply to industrial users through direct supply facilities; and
- development and operation of integrated clean energy and new energy business.

As at 30 June 2024, the immediate holding company of the Company is Beijing Gas Company Limited (北京燃氣有限公司), 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 (the “**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\$1,190.2 million as at 30 June 2024, 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, the dividend expected to be distributed by an associate, the existing loan facilities available to the Group from banks and a fellow subsidiary and continuing financial support from the Company’s holding companies.

Accordingly, these financial statements have 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 2024 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 D2 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 2023. 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 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM 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 demand for heating consumption in winter.

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.

During the period, the Group commenced the business engaging in development and operation of integrated clean energy and new energy along with the acquisition of the relevant assets of Beiqijia Business Park Energy Center project, and it is considered as a new operating and reportable segment.

Operating segments have been changed during the period to reflect the Group's realignment of operations. Comparative figures have been restated to conform to current period's presentation.

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, operation of CNG and LNG refueling stations for vehicles 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. 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 direct LNG supply to industrial users through direct supply facilities; and
3. Development and operation of integrated clean energy and new energy segment.

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/(loss) for the period of the Group. The profit/(loss) for the period of each segment is measured consistently with the Group's profit before tax except that certain other income and gains, finance costs, impairment/(reversal of impairment) of unallocated assets, as well as and certain corporate expenses are excluded from such measurement.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 2024

	City gas operation HK\$'000 (Unaudited)	Trading and distribution of natural gas HK\$'000 (Unaudited)	Development and operation of integrated clean energy and new energy HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
External segment revenue	528,900	341,714	1,342	871,956
Segment profit	133,269	1,988	1,179	136,436
Unallocated other income and gains, net				4,673
Unallocated corporate expenses				(23,125)
Finance costs				(64,168)
Profit before tax				53,816

For the six months ended 30 June 2023

	City gas operation HK\$'000 (restated and unaudited)	Trading and distribution of natural gas HK\$'000 (restated and unaudited)	Development and operation of integrated clean energy and new energy HK\$'000 (restated and unaudited)	Total HK\$'000 (restated and unaudited)
External segment revenue	540,330	651,120	–	1,191,450
Segment profit/(loss)	120,295	(5,313)	–	114,982
Unallocated other income and gains, net				8,189
Unallocated corporate expenses				(22,853)
Finance costs				(76,700)
Reversal of impairment of unallocated assets				22,972
Profit before tax				46,590



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5. OPERATING SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities

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

	City gas operation <i>HK\$'000</i>	Trading and distribution of natural gas <i>HK\$'000</i>	Development and operation of integrated clean energy and new energy <i>HK\$'000</i>	Corporate and other unallocated items <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets					
30 June 2024 (unaudited)	3,964,386	400,801	31,615	782,823	5,179,625
31 December 2023 (restated and audited)	4,021,655	430,026	–	635,086	5,086,767
Segment liabilities					
30 June 2024 (unaudited)	380,191	135,440	–	3,013,513	3,529,144
31 December 2023 (restated and audited)	369,446	125,822	–	2,965,571	3,460,839

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

- All assets are allocated to reportable operating segments, except that property, plant and equipment and right-of-use assets for corporate use, equity investments at fair value through other comprehensive income, financial assets at fair value through profit or loss, restricted cash, cash and bank balances, and other unallocated assets are not allocated to any segments;
- All liabilities are allocated to reportable operating segments, except that bank and other borrowings, convertible bond, unallocated lease liabilities, deferred tax liabilities and other unallocated liabilities are not allocated to any segments; and
- The Group has allocated goodwill to the relevant segments as segment assets.

#### Geographical information

No geographical information is presented as more than 90% of the revenue during each of the periods ended 30 June 2024 and 2023 was derived from Chinese Mainland, and more than 90% of the Group's non-current assets (other than financial assets) as at 30 June 2024 and 31 December 2023 are located in Chinese Mainland.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. REVENUE

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (restated and unaudited)
City gas operation	528,900	540,330
Trading and distribution of natural gas	341,714	651,120
Development and operation of integrated clean energy and new energy	1,342	–
<b>Total</b>	<b>871,956</b>	<b>1,191,450</b>

### 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank interest income	1,464	1,387
Rental income	71	880
Government subsidies and grants	181	563
Changes in fair value of financial assets at fair value through profit or loss	26	(23)
Foreign exchange differences, net	(1,690)	(555)
Others	4,621	5,937
<b>Total</b>	<b>4,673</b>	<b>8,189</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8. FINANCE COSTS

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest expense on bank loans	33,932	29,637
Interest expense on other loans	2,261	2,970
Interest expense on convertible bond and corporate bonds	16,491	26,485
Interest expense on a loan from the immediate holding company	4,460	17,379
Interest expense on a loan from the intermediate holding company	6,587	–
Interest expense on lease liabilities	437	229
<b>Total</b>	<b>64,168</b>	<b>76,700</b>

### 9. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of inventories sold	820,984	1,127,376
Depreciation of property, plant and equipment	35,018	34,412
Depreciation of investment properties	1,797	1,848
Depreciation of right-of-use assets	4,017	3,766
Amortisation of operating rights*	9,930	10,292
Lease payments not included in the measurement of lease liabilities	534	565
Employee benefit expenses (including directors' emoluments):		
– Salaries, bonuses and other benefits	32,864	34,088
– Contribution to defined contribution plans	9,340	8,383
<b>Total</b>	<b>42,204</b>	<b>42,471</b>
Reversal of impairment of financial assets, net:		
– Trade receivables	–	(143)
– Deposits and other receivables	(1,740)	(22,829)
<b>Total</b>	<b>(1,740)</b>	<b>(22,972)</b>
<b>Reversal of impairment of property, plant and equipment<sup>&amp;</sup></b>	<b>(6,191)</b>	<b>–</b>

\* 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.

& The reversal of impairment of property, plant and equipment for the period is included in "Other expenses, net" 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 2024 as the Group did not derive any assessable profits in Hong Kong for that period (for the six months ended 30 June 2023 (“HY2023”): Nil).

The income tax provision in respect of operations in Chinese Mainland 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current – Chinese Mainland		
Charge for the period	5,933	6,243
Withholding tax on the distribution of dividend from a PRC subsidiary	8,644	–
Deferred	(2,307)	(2,737)
Total	12,270	3,506

## 11. DIVIDEND

The Board does not recommend declaration of interim dividend for the six months ended 30 June 2024 (HY2023: 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\$55,313,000 (HY2023: HK\$32,272,000), and the weighted average number of ordinary shares of 22,736,114,715 (HY2023: 22,736,114,715) 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 2024 and 2023 for a dilution as the convertible bond of the Company outstanding during these periods had no dilutive effect on the basic earnings per share amounts presented.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13. PROPERTY, PLANT AND EQUIPMENT

During HY2024, the Group has an addition of property, plant and equipment with a cost of HK\$56,152,000 (HY2023: HK\$13,871,000).

### 14. TRADE RECEIVABLES

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Trade receivables	<b>232,992</b>	240,540
Impairment	<b>(152,038)</b>	(153,795)
<b>Total</b>	<b>80,954</b>	86,745

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:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Unbilled portion* and billed within 3 months	<b>47,149</b>	33,741
Billed:		
4 to 6 months	<b>6,361</b>	2,348
7 to 12 months	<b>8,280</b>	20,361
Over 1 year	<b>19,164</b>	30,295
<b>Total</b>	<b>80,954</b>	86,745

\* 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15. 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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Billed:		
Within 3 months	14,688	30,542
4 to 6 months	7,450	12,877
7 to 12 months	4,002	23,029
Over 1 year	63,895	42,180
Subtotal	90,035	108,628
Unbilled*	27,023	19,666
Total	117,058	128,294

\* 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.

### 16. EVENTS AFTER THE REPORTING PERIOD

Set out below are details of the significant events after the reporting period:

- (a) On 2 July 2024, the Company received a civil judgement (民事判決書) dated 30 June 2024 (the “**Civil Judgement**”) in relation to the claims by Yu Pengnian Management (Shenzhen) Co., Limited\* (余彭年管理(深圳)有限公司) (the “**Claimant**”) against the Company (the “**Litigation**”) from the Hangzhou Intermediate People’s Court (杭州市中級人民法院) (the “**Court**”). According to the Civil Judgement, the Court approved the application by Hangzhou Pengnian Qingran Equity Investment Partnership (Limited Partnership)\* (杭州彭年清燃股權投資合夥企業(有限合夥)) (“**Fund 47**”) dated 30 January 2024 to be joined as a claimant in the Litigation. Further, according to the Civil Judgment, the Company is required to (i) pay the consideration of RMB25,088,000.00 (the “**Consideration**”) to Fund 47 to complete the acquisition of 40% equity interests in Zhangjiakou Qidi New Energy Co., Ltd.\* (張家口啟迪新能源有限公司) (the “**Target Company 47**”), and (ii) compensate Fund 47 for loss of interest in relation to the amount of the Consideration for the period between 30 January 2024 and the date when the Consideration is settled, calculated based on the one-year loan prime rate published by the National Interbank Funding Centre. All other claims made by the Claimant and Fund 47 were dismissed. On 25 July 2024, the Company, having been advised by its legal advisors on certain grounds, lodged an appeal (the “**Appeal**”) against the Civil Judgment with the Higher People’s Court of Zhejiang Province (浙江省高級人民法院), the appellate court to the Court. The Appeal is scheduled to be heard on 5 September 2024. Further details are set out in the announcements of the Company dated 15 July 2024 and 25 July 2024.

\* For identification purpose only



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 16. EVENTS AFTER THE REPORTING PERIOD (Continued)

(a) (Continued)

In respect of the financial impact of the Litigation on the Group's unaudited condensed consolidated interim financial information, based on the advice of the external legal advisors, the directors are of the opinion that the Company has legal grounds against such claims. Therefore, the Group has not currently provided for the amount of claims incurred with respect to the Litigation in relation to the acquisition of 40% equity interests in the Target Company 47 and has not accounted for any capital commitments in the Group's unaudited condensed consolidated interim financial information.

(b) On 3 July 2024, the Group completed the acquisition of 49% of the equity interest in Beijing United Energy Engineering & Technology Company Limited\* (北京優奈特能源工程技術有限公司) for a consideration amount of RMB41,650,000 (equivalent to approximately HK\$45,737,000). Further details are set out in the announcements of the Company dated 19 December 2023, 17 January 2024 and 3 July 2024.

### 17. CAPITAL COMMITMENT

The Group had the following contractual commitments at the end of the reporting period:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Property, plant and equipment	<b>12,053</b>	–
Equity interest in an entity	<b>45,737</b>	45,960
	<b>57,790</b>	45,960

### 18. COMPARATIVE AMOUNTS

Certain comparative amounts of reportable segments (note 5) and revenue (note 6) have been restated to conform to the current period's presentation. The change in reportable segment reflects the Group's realignment of operation and comparative figures are retrospectively restated.

# MANAGEMENT DISCUSSION AND ANALYSIS



## INDUSTRY OVERVIEW

During HY2024, China's economic recovery continued to be in a steadily positive state, with constant demonstration of high-quality development. However, insufficient domestic demand remained an apparent issue. In the first half of the year, China's Gross Domestic Product (GDP) grew by 5% year-on-year, and performance indicators for industry, services, consumption and exports showed positive signs, demonstrating the resilience of China's economy. Nevertheless, the overall growth rate of investment and consumption was within 4%, which was lower than the 5% economic growth target, contributing insufficiently to economic growth and highlighting the problem of insufficient domestic demand. Price levels remained generally low, falling short of the 3% target set at the beginning of the year, also indicating unstable supply and demand relationships in the market. Amid ongoing global geopolitical conflicts, economic growth deceleration and structural changes in international trade, the energy industry in which the Group operates has been undergoing an accelerating restructuring, together with intertwining uncertainties and more complex operating environment.

In March 2024, the National Energy Administration formulated the "Guiding Opinions on Energy Work for 2024" (《2024年能源工作指導意見》) (the "**Guiding Opinions**"). According to the Guiding Opinions, share of the installed capacity of non-fossil energy sources is targeted to increase to around 55%, and share of wind power and solar power generation in the national electricity generation is targeted to reach over 17%. Natural gas consumption increased steadily. The proportion of non-fossil energy in total energy consumption increased to around 18.9%, and the proportion of terminal power consumption increased continuously. In addition, China's energy storage market continued to maintain a good momentum of rapid development thanks to multiple factors such as policy support, technological innovation and growing market demand. The domestic energy storage industry is ushering in new developments. As of HY2024, the cumulative installed capacity of new energy storage projects in operation nationwide amounted to 44.44 million kW/99.06 million kWh, representing an increase of over 40% from the end of 2023. The Group will continue to capture the policy initiatives of green and low-carbon transformation, take advantage of the clean and low-carbon development trend of the economy and society, enhance the Group's efforts in the clean and low-carbon energy business, and work together to promote the new energy industry value chain, in an attempt to consolidate the Group's green and low-carbon business model.

## BUSINESS REVIEW

During HY2024, the Group's total gas sales volume amounted to 263.4 million cubic meters (HY2023: 329.9 million cubic meters), representing a decrease of 20.2% as compared to HY2023, which was mainly due to a decrease in the overall demand for natural gas in HY2024. During HY2024, the revenue of the Group was HK\$872.0 million (HY2023: HK\$1,191.5 million), representing a decrease of 26.8% as compared to HY2023, which was primarily due to the decrease in revenue from the natural gas trading and distribution business. The total gross profit of the Group was HK\$16.7 million (HY2023: HK\$44.6 million), representing a decrease of 62.5% as compared to HY2023. The gross profit margin was 1.9% (HY2023: 3.7%). For HY2024, profit attributable to the shareholders of the Company was HK\$55.3 million (HY2023: HK\$32.3 million), representing an increase of 71.2% as compared to HY2023, which was mainly due to (i) the increase in the profit attributable to the project of PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司) ("**PetroChina Jingtang**") during the Period as compared to HY2023; and (ii) the decrease in finance costs during the Period as compared to HY2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group's natural gas projects covered a total of 10 provinces, municipality and autonomous region in the PRC, details of which are set out below:

Location	LNG/ CNG refueling stations	City gas	Direct supply	Trading and distribution	Subtotal	LNG processing volume	Total
	Approximate gas sales volume <i>(cubic meter)</i>	Approximate gas sales volume <i>(cubic meter)</i>	Approximate gas sales volume <i>(cubic meter)</i>	Approximate gas sales volume <i>(cubic meter)</i>	Approximate gas sales volume <i>(cubic meter)</i>	Approximate processing volume <i>(cubic meter)</i>	Approximate volume <i>(cubic meter)</i>
Subsidiaries:							
Zhejiang Province	-	-	-	80,996,874	80,996,874	-	80,996,874
Shanxi Province	403,200	61,880,400	-	-	62,283,600	-	62,283,600
Guangxi Zhuang Autonomous Region	-	57,238,219	379,819	-	57,618,038	-	57,618,038
Guangdong Province	-	-	-	21,474,306	21,474,306	-	21,474,306
Jilin Province	370,835	20,587,549	-	-	20,958,384	-	20,958,384
Shanghai Municipality	-	-	-	12,128,704	12,128,704	-	12,128,704
Anhui Province	-	-	3,042,816	-	3,042,816	-	3,042,816
Hainan Province	1,626,248	-	772,210	310,332	2,708,790	-	2,708,790
Liaoning Province	-	2,162,357	-	-	2,162,357	-	2,162,357
Subtotal	2,400,283	141,868,525	4,194,845	114,910,216	263,373,869	-	263,373,869
Associate:							
Hebei Province	-	-	-	-	-	3,320,260,000	3,320,260,000
Subtotal	-	-	-	-	-	3,320,260,000	3,320,260,000
Total	2,400,283	141,868,525	4,194,845	114,910,216	263,373,869	3,320,260,000	3,583,633,869

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Highlights:

	For the six months ended 30 June		
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	Change %
Revenue	871,956	1,191,450	(26.8)
Gross profit	16,709	44,604	(62.5)
Gross profit ratio (in percentage)	1.9%	3.7%	decrease by 1.8 percentage points
Profit for the period	41,546	43,084	(3.6)
Profit attributable to shareholders of the Company	55,313	32,272	71.2
Basic EPS (in HK cents)	HK0.24 cents	HK0.14 cents	71.4
EBITDA	168,746	173,608	(2.8)
	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000	Change %
Cash and cash equivalents	514,517	401,344	28.2
Total assets	5,179,625	5,086,767	1.8
Total equity	1,650,481	1,625,928	1.5

## MANAGEMENT DISCUSSION AND ANALYSIS

### Development and Operation of City Gas Business

During HY2024, the Group kept adjusting its strategy and development direction to continuously optimise and integrate its city gas business portfolio to respond to the changing PRC market and the global economic environment. Currently, the Group has 6 city gas projects which are principally located in Guangxi Zhuang Autonomous Region and Shanxi Province. Details of the operation performance of the Group's development and operation of city gas business are set out below:

	As at 30 June 2024	As at 30 June 2023	Change %
<b>Natural gas volume sold (million cubic meters)</b>	<b>141.9</b>	<b>123.2</b>	<b>15.2</b>
– Residential users	50.3	42.7	17.8
– Non-residential users	91.6	80.5	13.8

The natural gas sold to residential users and non-residential users reached 141.9 million cubic meters (HY2023: 123.2 million cubic meters), representing an increase of 15.2% as compared to HY2023, which was mainly due to the increase in gas sales from the Shanxi project as compared to HY2023. For the Period, the Group connected gas pipelines for 15,561 new users and the accumulated number of users reached 551,846, of which 15,536 were new residential users and the accumulated number of residential users reached 548,154; the Group secured 25 new non-residential users and the accumulated non-residential users reached 3,692. For the LNG and CNG refueling station business, the Group recorded gas sales of 2.4 million cubic meters (HY2023: 4.6 million cubic meters).

The Group recorded a revenue of HK\$528.9 million from city gas business during HY2024 (HY2023: HK\$540.3 million), representing a decrease of 2.1% as compared to HY2023. During HY2024, it recorded income from natural gas sales and other services of HK\$492.6 million (HY2023: HK\$488.8 million), representing an increase of 1.0% as compared to the corresponding period of 2023. The Group recorded connection fee income of HK\$36.3 million (HY2023: HK\$51.5 million), representing a decrease of 29.5% as compared to the corresponding period of 2023. The decrease in connection fee income during the Period was mainly due to the decrease of connection services provided for industrial users as compared to HY2023.



## MANAGEMENT DISCUSSION AND ANALYSIS



### Trading and Distribution of LNG and CNG Business

During HY2024, the Group recorded a total trading volume of 114.9 million cubic meters (HY2023: 198.9 million cubic meters), representing a decrease of 42.2% as compared to HY2023 and the Group sold 4.2 million cubic meters (HY2023: 3.2 million cubic meters) of natural gas to its direct supply industrial users during HY2024. The sales of trading and distribution of natural gas business amounted to HK\$341.7 million (HY2023: HK\$651.1 million). The decrease of the business was primarily due to the decrease in the demand for natural gas.

During HY2024, the LNG market was in a state of strong supply and weak demand for a prolonged period, and fluctuations in the cost side casted significant impact on market prices. The Group continued to adjust its gas source procurement strategy, optimised the gas source structure, and made efforts to deepen its cooperation with upstream suppliers. In October 2023, the Company entered into the master agreement with Beijing Gas Group (Tianjin) Natural Gas Limited\* (北京燃氣集團(天津)天然氣銷售有限公司) (“**BGGT**”), a wholly-owned subsidiary of Beijing Gas Group, the controlling shareholder of the Group, pursuant to which BGGT (or its designated subsidiaries or associates) agreed to sell and the Company (or its designated subsidiaries) agreed to purchase natural gas for a term commencing from 1 January 2024 to 31 December 2026 (both days inclusive) (the “**Agreement**”). Further details are set out in the Company’s circular dated 6 December 2023. The Agreement was approved at the special general meeting in December 2023. Such action also demonstrates that the Company is supported by Beijing Gas Group in terms of gas supply, which further ensures the supply of natural gas of the Group and is conducive to the Company’s business development.

### LNG Receiving Terminal Project

As at 30 June 2024, the Group owned 29% equity interests in 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 HY2024, the total throughput volume of LNG of PetroChina Jingtang Project amounted to 3,320.3 million cubic meters (HY2023: 3,096.0 million cubic meters), representing an increase of 7.2% as compared to HY2023, which was mainly due to the increase in the market demand in the relevant markets.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Development and Operation of Integrated Clean Energy and New Energy Business**

Under the background and goals of the national energy reform “carbon peaking and carbon neutrality”, the Group has been exploring new energy businesses such as energy storage, distributed energy and multi-energy source complementarity to achieve strategic upgrading and business diversification, aiming to become a leading and innovative energy service provider. As of the date of this report, the Group has entered into strategic cooperation with a number of renowned enterprises and higher education institutions, and has been actively establishing integrated partnerships in order to seek joint development in the new energy sector for mutual benefits and complementarities, including the entering into of a strategic cooperation framework agreement in June last year with Beijing Guoneng Guoyuan Energy Technology Co., Ltd\* (北京國能國源能源科技有限公司) with respect to the commencement of the relevant cooperation projects in the fields of new energy, light asset business, and technology research and development. During HY2024, the Group has fully commenced the development and operation of integrated clean energy and new energy business:

**(i) Acquisition of 49% of the equity interest in Beijing United Energy Engineering & Technology Company Limited\* (北京優奈特能源工程技術有限公司) (“Beijing United”)**

In December 2023, the Group announced that it agreed to acquire 49% of the equity interests in Beijing United. Beijing United is an enterprise in the technology space that is principally engaged in the planning, designing and consulting of gas, heat, comprehensive energy utilisation and new energy power generation projects. The acquisition of the Beijing United will facilitate the Group’s development of its renewable energy business and expansion of its clean energy sector, thereby bringing new momentum to the business of the Group. The acquisition of equity interests in Beijing United was completed in July 2024. Further details are set out in the announcements of the Company dated 19 December 2023, 17 January 2024 and 3 July 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (ii) *Acquisition of the relevant assets of the Beiqijia Business Park Energy Center Project (“Beiqijia Assets”)*

On 26 April 2024, the Group announced the acquisition of the Beiqijia Assets by way of an assets transfer agreement. Beijing Beiran Energy Co., Ltd.\* (北京北燃能源有限公司), an indirect wholly-owned subsidiary of the Company, agreed to acquire the Beiqijia Assets at a consideration of RMB33,000,000 (equivalent to approximately HK\$36,444,000). The acquisition of the Beiqijia Assets was completed during the Period. The Beiqijia Assets are principally utilised in the provision of cooling and heating services to occupants in the Beiqijia Business Park Energy Center Project, with cooling and heating areas covering over 131,000 square meters commercial area (non-residential) and over 51,900 square meters residential area (residential); and serving approximately 211 commercial area (non-residential) users and approximately 698 residential area (residential) users, respectively. Further details about the Beiqijia Assets are set out in the announcement of the Company dated 26 April 2024.

The Beiqijia Assets contributed revenue of HK\$1.3 million (HY2023: Nil), and segment profit of HK\$1.2 million (HY2023: Nil) to the integrated clean energy and new energy business of the Group during the Period.

### (iii) *Energy storage business*

Energy storage is one of the key components and technologies in the reform of the energy structure and the replacement of energy supply with clean energy generation. It can improve the level of consumption and absorption of clean energy such as photovoltaic power and wind power, enhance the flexibility, cost effectiveness and safety of power systems and grids, and support the development of multi-energy source complementarity. It can be applied to various power-related services, including peak loading and frequency regulation of power systems, with a broad development prospect. The Group has been steadily developing its energy storage business, focusing on provinces with more mature energy storage policies and markets, and a more competitive tariff policy environment, with Eastern China and Southern China as the key development regions. As disclosed in the announcement of the Company dated 20 June 2024, the Group announced the formal commencement of the construction and entering into of the civil construction stage of the user-side energy storage system project (the “Yangzhou Project”) of Yangzhou WuTingQiao Cylinder Liner Co., Ltd.\* (揚州五亭橋缸套有限公司), a company invested by the Group’s subsidiary, Zhejiang Bo Xin Energy Co., Ltd.\* (浙江博信能源有限公司). As of the date of this report, the Yangzhou Project has completed the equipment arrival, is currently in the installation and commissioning stage and is expected to commence operation during the year.

## FUTURE PROSPECTS

During HY2024, the Group received positive feedback on its fulfilment of ESG principles and performance in promoting sustainable development. The Group was awarded the “ESG Environmentally Friendly Excellent Enterprise\*” (ESG環境友好卓越企業) in the ESG Jingge Award organised by Gelonghui. The recognition of the Group’s performance in the capital market has also been significantly enhanced. Leveraging on its strong operational strength, the Group was awarded the “Most Potential Listed Company\*” (最具潛力上市公司) in the China Financial Awards organised by the renowned financial magazine China Financial Market in conjunction with a number of authoritative organisations in Hong Kong, including the Chinese Securities Association of Hong Kong, Chinese Asset Management Association of Hong Kong, China Merger & Acquisition Association, Hong Kong Investor Relations Association and The Hong Kong Institute of Financial Analysts & Professional Commentators Limited.





## MANAGEMENT DISCUSSION AND ANALYSIS

The new energy and energy storage business of the Group was successfully launched during HY2024. The industrial and commercial energy storage market is ushering in new development opportunities due to rapid development of renewable energy and in-depth applications of smart grid technology. The application scenarios of industrial and commercial energy storage are becoming increasingly diversified, covering multiple areas such as industrial manufacturing, commercial buildings, data centres, electric vehicle charging stations. Moreover, the diverse application scenarios of the industrial and commercial storage market also provide us with abundant room for innovation. From medium-sized industrial and commercial premises to zero-carbon parks, and from energy-intensive enterprises to data centres, industrial and commercial energy storage systems have extensive application scenarios in these areas, which in turn provide us with more market opportunities. In the future, the Group will continue to capitalise on the strategic opportunities arising from China's energy transformation and green and low-carbon development, focusing on the new energy business and striving to become a leading new energy enterprise.

### FINANCIAL REVIEW

#### Revenue

The Group recorded revenue of HK\$872.0 million for HY2024 (HY2023: HK\$1,191.5 million), representing a decrease of 26.8% as compared to HY2023, mainly due to the decrease in revenue from the trading and distribution of natural gas business.

#### Gross profit and gross profit margin

The Group recorded gross profit of HK\$16.7 million for HY2024, representing a decrease of HK\$27.9 million from HK\$44.6 million for HY2023 and a decrease of 62.5% as compared to HY2023. The Group's gross profit margin decreased from 3.7% for HY2023 to 1.9% for HY2024, which was mainly due to (i) the adjustment of natural gas sales prices for some city gas projects; and (ii) 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 decreased by 2.8% from HK\$173.6 million for HY2023 to HK\$168.7 million for HY2024, which remained stable as compared to HY2023.

#### Other income and gains, net

In HY2024, the Group's other income and gains, net amounted to HK\$4.7 million, representing a decrease of HK\$3.5 million as compared to HK\$8.2 million in HY2023.

#### Administrative expenses

In HY2024, administrative expenses amounted to HK\$73.2 million, compared to HK\$71.9 million for HY2023. Administrative expenses remained stable as compared to HY2023.

## MANAGEMENT DISCUSSION AND ANALYSIS



### Reversal of impairment of financial assets, net

In HY2024, the Group's reversal of impairment of financial assets, net amounted to HK\$1.7 million, representing a decrease of HK\$21.3 million as compared to the reversal of HK\$23.0 million in HY2023. In HY2023, the Group recognised certain reversals of impairment of financial assets, and such items were one-off items that were incurred in HY2023.

### Other expenses, net

Other expenses, net decreased from HK\$16.4 million for HY2023 to HK\$1.6 million for HY2024, which was because the Group recognised certain legal and professional expenses in HY2023, which were non-recurring items.

### Finance costs

Finance costs decreased by 16.3% from HK\$76.7 million for HY2023 to HK\$64.2 million for HY2024, as the Group started to replace HK\$ and USD bank and other borrowings with RMB bank borrowings in 2023 (including a new facility with a principal in an aggregate amount of HK\$700 million equivalent of RMB from Beijing Gas Group during the Period, which was used to replace bank and other borrowings with a principal in an aggregate amount of HK\$700 million equivalent) to take full advantage of the lower-cost financing in RMB.

### Income tax

Income tax expenses were calculated at the applicable tax rates on the estimated assessable profits of the Group's subsidiaries in Chinese Mainland and subsidiaries in Hong Kong for HY2024 and HY2023, respectively. Income tax expenses of HK\$12.3 million (HY2023: HK\$3.5 million) for HY2024 mainly represented: (i) the current taxation arising from its subsidiaries in Chinese Mainland of HK\$5.9 million; and (ii) the withholding tax on the distributed dividend from a PRC subsidiary of HK\$8.6 million.

### Profit attributable to shareholders of the Company

In HY2024, the Group's profit for the period attributable to shareholders of the Company was HK\$55.3 million, representing an increase of HK\$23.0 million as compared to the profit of HK\$32.3 million for HY2023, representing an increase of 71.2% as compared to HY2023. It was mainly due to (i) the increase in the profit attributable to the project of PetroChina Jingtang during the Period as compared to HY2023; and (ii) the decrease in finance costs during the Period as compared to HY2023.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 increase in balance of property, plant and equipment of HK\$37.4 million as at 30 June 2024 as compared to that at the end of 2023 was mainly due to the net effect of (i) the acquisition of the Beiqijia Assets; and (ii) the depreciation provided for in HY2024.

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 IFRS 3 (Revised) *Business Combinations*.

The investment in associates was mainly attributable to the Group's 29% equity interests in PetroChina Jingtang, and the increase in carrying amount as at 30 June 2024 as compared to that as at 31 December 2023 was mainly due to the net effect of (i) share of profit from PetroChina Jingtang 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 2023, which was mainly due to the recovery of trade receivables and the impact of exchange rate fluctuations as a result of the depreciation of RMB against HK\$.

The balance of prepayments, deposits and other receivables remained stable relative to the balance as at 31 December 2023.

The balance of cash and cash equivalents amounted to HK\$514.5 million, representing an increase of HK\$113.2 million as compared to that as at 31 December 2023, which was mainly due to the dividend received by the Group from an associate (PetroChina Jingtang) 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 2023.

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

## MANAGEMENT DISCUSSION AND ANALYSIS



### Current liabilities

The balance of trade and bills payables decreased by HK\$11.2 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 2024 as compared to that as at 31 December 2023 was mainly due to the increase in the receipt in advance by the Group during the Period.

The increase in the balance of bank and other borrowings as compared to the balance as at 31 December 2023 was mainly due to the addition 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\$514.5 million as at 30 June 2024 (31 December 2023: HK\$401.3 million), representing an increase by 28.2% from 31 December 2023. In addition, the Group had restricted cash of HK\$45.0 million (31 December 2023: HK\$9.2 million) as at 30 June 2024.

As at 30 June 2024, the Group had net current liabilities of HK\$1,190.2 million (31 December 2023: HK\$1,021.4 million). As at 30 June 2024, the Group's current ratio, calculated on the basis of the Group's current assets over current liabilities, was 0.49 (31 December 2023: 0.55).

As at 30 June 2024, total assets of the Group amounted to HK\$5,179.6 million (31 December 2023: HK\$5,086.8 million) and the Group's debt asset ratio, which is the total liabilities divided by the total assets, was 68.1% (31 December 2023: 68.0%). As at 30 June 2024, the Group had total borrowings of HK\$2,772.9 million (31 December 2023: HK\$2,708.8 million). The Group's leverage ratio, which is total borrowings divided by the total assets, was 53.5% (31 December 2023: 53.3%).

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 136.8% as at 30 June 2024 (31 December 2023: 141.9%).

In 2023, the Group's interest on repayment of offshore bank loans also increased significantly as HIBOR hit 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\$ bank and other borrowings with RMB bank borrowings in 2023 to take full advantage of the lower-cost financing in RMB. During HY2024, the Group continued to obtain lower-interest debt financing, including two bank loans of RMB200,000,000 (a total of RMB400,000,000). For details, please refer to the announcements of the Company dated 3 January 2024 and 23 February 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 14 December 2023, the Company entered into various finance documents with Beijing Gas Group, pursuant to which the Company obtained a new facility with a principal in an aggregate amount of HK\$700 million equivalent of RMB from Beijing Gas Group, the proceeds of which were applied to refinance an existing facility with a principal amount of HK\$700 million from Beijing Gas Company Limited. The Board is of the view that the said refinancing could 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 Chinese Mainland.

The entering into the aforesaid finance documents constituted a connected transaction of the Company under the Listing Rules and was approved by the independent shareholders of the Company at the special general meeting held on 24 January 2024. For details, please refer to the circular and poll results announcement of the Company dated 8 January 2024 and 24 January 2024.

Going forward, the Group will further explore the availability of lower-interest debt financing to reduce overall interest costs.

During HY2024, 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 2024, the Group had 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 (the "Circular") as follows:

	Net amount designated in the Circular <i>(HK\$ million)</i>	Amount utilised up to 31 December 2023 <i>(HK\$ million)</i>	Amount utilised during HY2024 <i>(HK\$ million)</i>	Amount unutilised up to 30 June 2024 <i>(HK\$ million)</i>	% utilised as at 30 June 2024
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	337.0	–	–	100%
3. Business development	94.5	–	36.4	58.1	38.5%
4. General working capital	50.0	50.0	–	–	100%
<b>Total</b>	<b>1,494.5</b>	<b>1,400.0</b>	<b>36.4</b>	<b>58.1</b>	<b>96.1%</b>

As at 30 June 2024, net proceeds from the Capital and Asset Injection Plan (as defined in the Circular) of HK\$58.1 million was not yet utilised. The unutilised portion of the proceeds is expected to be utilised within 2024 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.



## MANAGEMENT DISCUSSION AND ANALYSIS



### EMPLOYEES' INFORMATION

The Group's employees are based in the Chinese Mainland and Hong Kong. As at 30 June 2024, there were 640 (31 December 2023: 677) 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 2024, 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 subsidiaries;
- (iii) pledges over the Group's investment properties; and/or
- (iv) pledges by the right of collection of receivables from the sales of gas of a subsidiary.

Save as disclosed above, the Group did not have any charges on the Group's assets as at 30 June 2024.

### 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 2024, the Group had no material contingent liabilities.

### EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are set out in note 16 of this interim report.



## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed in this report, there were no other significant events of the Group after the reporting period and up to the date of this report.

### **DIVIDEND**

The Board does not recommend declaration of interim dividend for HY2024.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

#### **(i) Acquisition of the Beiqijia Assets**

On 26 April 2024, the Group, as purchaser, entered into the acquisition of the Beiqijia Assets. For details of the acquisition of the Beiqijia Assets, please refer to the paragraph headed “Business Review – Development and Operation of Integrated Clean Energy and New Energy Business” in this report.

#### **(ii) Acquisition of 49% of the equity interest in Beijing United**

In July 2024, the Group, as purchaser, completed the acquisition of the Beijing United project. For details of the acquisition of Beijing United, please refer to the paragraph headed “Business Review – Development and Operation of Integrated Clean Energy and New Energy Business” in this report.

All of the above transactions constituted connected transactions of the Company under the Listing Rules. Save as disclosed in this report, the Group had no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

### **SIGNIFICANT INVESTMENTS AND FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in the paragraph headed “Business Review – Development and Operation of Integrated Clean Energy and New Energy Business” in this report, the Company had not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the shareholders of the Company as a whole. The potential investment opportunity will be funded by internal resources.

# OTHER INFORMATION

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, none of the Directors or chief executive of the Company and their associates had any interests or short positions in the shares of the Company ("Shares"), warrants, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix C3 to the Rules Governing the Listing of Securities on Stock Exchange ("Listing Rules").

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, persons/corporations (other than the Directors and chief executive of the Company) which had interest or short position in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

### (i) Interest in Shares

Name	Capacity	Number of Shares <small>(Note 1)</small>	Approximate percentage of shareholding at 30/6/2024 <small>(Note 3)</small>
Beijing Gas Company Limited Limited <small>(Note 2)</small>	Beneficial owner	15,091,042,131(L)	66.37%
Beijing Gas Group <small>(Note 2)</small>	Interest of controlled corporation	15,091,042,131(L)	66.37%
Beijing Enterprises Group Company Limited ("BE Group") <small>(Note 2)</small>	Interest of controlled corporation	15,091,042,131(L)	66.37%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. BE Group indirectly controlled Beijing Gas Company Limited through Beijing Gas Group and is deemed to be interested in 15,091,042,131 Shares.
3. The percentage is calculated on the basis of 22,736,114,715 Shares in issue as at 30 June 2024.

## OTHER INFORMATION

### (ii) Derivative interests of the Company

Name	Capacity	Number of Shares <small>(Note 1)</small>	Approximate percentage of shareholding at 30/6/2024 <small>(Note 3)</small>
Beijing Gas Company Limited <small>(Note 2)</small>	Beneficial owner	2,542,372,881 (L)	11.18%
Beijing Gas Group <small>(Note 2)</small>	Interest of controlled corporation	2,542,372,881 (L)	11.18%
BE Group <small>(Note 2)</small>	Interest of controlled corporation	2,542,372,881 (L)	11.18%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. BE Group indirectly controlled Beijing Gas Company Limited through Beijing Gas Group and is deemed to be interested in 2,542,372,881 conversion Shares. Please refer to the circular of the Company dated 31 October 2022 and the announcement of the Company dated 30 December 2022 for details.
3. The percentage is calculated on the basis of 22,736,114,715 Shares in issue as at 30 June 2024.

Save as disclosed above, the Company has not been notified of any persons/corporations (other than the Directors and the chief executive officer of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 30 June 2024, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

During HY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2024, the Company did not hold any treasury shares.

### CORPORATE GOVERNANCE

The Board is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices for compliance with the code provisions set out in the Corporate Governance Code (the "CG Code") from time to time as set out in Appendix C1 to the Listing Rules. The Group adopted practices which meet the CG Code during HY2024.

The Company has complied with the code provisions listed in the CG Code during HY2024.

## OTHER INFORMATION

### CHANGE IN DIRECTORS' INFORMATION

There is no change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2023 annual report of the Company up to the date of this interim report.

### DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

#### Bank facility agreement entered into on 6 September 2023

Pursuant to the facility letter entered into between the Company and a banking group on 6 September 2023, in relation to a one-year term uncommitted revolving loan facility with an aggregate amount of up to HK\$400,000,000. The facility agreement provides that, among others, throughout the life of the facility, it would be a change of control ("**Change of Control**") if (A) the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality\* (北京市人民政府國有資產監督管理委員會) ("**Beijing SASAC**") is no longer the single largest shareholder of BE Group; (B) BE Group does not or ceases to beneficially own at least 51% of the issued share capital of Beijing Gas Group; or (C) Beijing Gas Group does not or ceases to beneficially own at least 51% of the issued share capital of the Company.

If a Change of Control occurs: (a) the Company shall promptly notify the agent of the banking group upon becoming aware of that event; (b) a lender under the Facility Agreement shall not be obliged to fund a utilisation of the Facility; and (c) if a lender so requires and notifies the agent, the agent shall, by not less than 14 days' notice to the Company, cancel the commitment of that lender and declare the participation of that lender in the outstanding loan, together with accrued interest, and all other amounts accrued under the finance documents immediately due and payable.

For details, please refer to the Company's announcement dated 6 September 2023.

#### Bank facility agreement entered into on 22 December 2023

Pursuant to the facility letter entered into between the Company and a bank on 22 December 2023, in relation to an available drawdown period of twelve months from the date of drawdown with an aggregate amount of up to CNH200,000,000 or equivalent amount in HKD, the Company shall procure that (i) Beijing Gas Group, a controlling shareholder of the Company, shall not cease to control, directly or indirectly, the Company; (ii) Beijing Enterprises Holdings Limited (stock code: 392) ("**BEHL**") shall not cease to control, directly or indirectly, Beijing Gas Group; and (iii) Beijing SASAC shall not cease to be (directly or indirectly) the single largest shareholder of BEHL and/or Beijing Gas Group. In the event the aforesaid covenant has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 22 December 2023.



## OTHER INFORMATION

### **Bank facility letter entered into on 3 January 2024**

Pursuant to the facility letter entered into between the Company and a bank on 3 January 2024, in relation to an uncommitted term loan facility with a principal amount up to RMB200,000,000, the Company shall ensure that (i) the People's Government of Beijing Municipality\* (北京市人民政府) shall directly or indirectly own 100% of the equity interest, and maintain effective management, supervision and control of BE Group; (ii) BE Group shall own not less than 40% of the equity interest, and maintain effective management and control of BEHL; (iii) BEHL shall directly or indirectly own not less than 51% of the equity interest in Beijing Gas Group; and (iv) Beijing Gas Group shall directly or indirectly own not less than 51% of the equity interest in the Company. In the event the aforesaid covenant has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 3 January 2024.

### **Bank facility agreement entered into on 23 February 2024**

Pursuant to the facility agreement entered into between the Company and a bank on 23 February 2024, in relation to an uncommitted revolving loan facility for a period between the date of the facility agreement and 23 November 2028 with an aggregate amount of up to RMB200,000,000, the Company shall be directly or indirectly at least 51% beneficially owned and controlled by Beijing Gas Group throughout the life of the facility. In the event the aforesaid condition has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 23 February 2024.

### **Bank facility agreement entered into on 7 June 2024**

Pursuant to the facility agreement entered into between the Company and a bank on 7 June 2024, in relation to an uncommitted term loan facility with an available drawdown period of one year from the acceptance date or such other date as the bank may from time to time determine in its sole discretion with a principal amount up to HK\$400,000,000 equivalent, the Company shall ensure that (i) Beijing Gas Group shall directly or indirectly own not less than 51% of the issued Shares; and (ii) Beijing SASAC shall remain as the single largest shareholder of BE Group. In the event the aforesaid undertaking(s) has been breached, the bank may terminate the facility and demand immediate repayment of all outstanding amounts from time to time. For details, please refer to the Company's announcement dated 7 June 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Board has adopted the Model Code as set out in Appendix C3 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the required standards of the Model Code throughout HY2024.

## OTHER INFORMATION

### AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) currently comprises three members, namely Ms. Hsu Wai Man Helen (“**Ms. Hsu**”), Mr. Cui Yulei and Mr. Xu Jianwen, all being independent non-executive Directors, with Ms. Hsu being the chairman 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 Group and its unaudited interim results for HY2024. The Audit Committee has also reviewed this report.

### BOARD OF DIRECTORS

As at the date of this report, the Board comprises eight Directors, including four executive Directors viz. Mr. Li Weiqi, Mr. Wu Haipeng, Mr. Li Xianning and Mr. Yeung Shek Hin; one non-executive Director viz. Mr. Shao Dan; and three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, viz. Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen.

By order of the Board  
**Beijing Gas Blue Sky Holdings Limited**  
**Li Weiqi**  
*Chairman*

Hong Kong, 29 August 2024

\* *For identification purposes only*

