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Beijing Gas Blue Sky Holdings Limited

北京燃氣藍天控股有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)

(Singapore Stock Code: UQ7)

MEMORANDUM OF UNDERSTANDING INSIDE INFORMATION AND POSSIBLE APPLICATION FOR A WHITEWASH WAIVER

On 3 November 2017 (after trading hours), the Company, Beijing Gas Group and Beijing Gas HK entered into the Memorandum which sets out the proposal under which the Company intends to acquire the Target Company from Beijing Gas HK.

If the Proposed Acquisition materializes, the consideration for the Proposed Acquisition is expected to be no more than RMB1,008,000,000 and the Company would satisfy the consideration through the issuance of Consideration Shares to Beijing Gas HK or its nominee(s). With reference to the average closing price of the shares of the Company for the 30 consecutive trading days immediately before the date of this announcement, the price for the Consideration Shares is currently expected to be HK\$0.50 per Consideration Share, and will be determined by the parties upon entering into the definitive agreement.

As at the date of this announcement, no legally binding agreements in relation to the Proposed Acquisition have been entered into. The Proposed Acquisition may or may not materialize, and is subject to further due diligence to be conducted and the definitive agreement to be entered into. Detailed terms of the Proposed Acquisition are still subject to negotiation and finalization. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Beijing Gas Blue Sky Holdings Limited (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

THE PROPOSED ACQUISITION

On 3 November 2017 (after trading hours), the Company, Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司) (“**Beijing Gas Group**”) and Beijing Gas Company Limited (北京燃氣有限公司) (“**Beijing Gas HK**”), an indirect wholly-owned subsidiary of Beijing Gas Group, entered into a non-legally binding memorandum of understanding (the “**Memorandum**”) which sets out the proposal under which the Company intends to acquire the entire issued capital of Beijing Gas JingTang Company Ltd. (the “**Target Company**”) from Beijing Gas HK (the “**Proposed Acquisition**”). The Target Company is expected to own 29% equity interest in PetroChina Jingtang LNG Co., Ltd. (中石油京唐液化天然氣有限公司) (“**PetroChina Jingtang**”) through its wholly-owned subsidiary upon completion of its acquisition of the aforesaid 29% equity interest under a signed share transfer agreement subject to conditions therein.

If the Proposed Acquisition materializes, the consideration for the Proposed Acquisition is expected to be no more than RMB1,008,000,000 and the Company would satisfy the consideration through the issuance of new shares of the Company (the “**Consideration Shares**”) to Beijing Gas HK or its nominee(s). With reference to the average closing price of the shares of the Company for the 30 consecutive trading days immediately before the date of this announcement, the price for the Consideration Shares is currently expected to be HK\$0.50 per Consideration Share, and will be determined by the parties upon entering into the definitive agreement.

The Target Company is a limited liability company incorporated in the British Virgin Islands whose principal activity is investment holding.

PetroChina Jingtang is incorporated with limited liability in Tangshan City, Hebei Province, the People’s Republic of China (the “**PRC**”). It is principally engaged in provision of port facilities for vessels; provision of cargo handling services, warehousing and loading services within the port area; receiving, storage and re-gasification of liquefied natural gas.

The following are the financial results of PetroChina Jingtang prepared in accordance with “Accounting Standard for Enterprises” of the PRC:

	For the year ended	
	31 December	
	2016	2015
	Audited	Audited
	(RMB'000)	(RMB'000)
Profit before taxation	222,236	175,781
Profit after taxation	166,048	131,552
Net asset value	2,995,753	2,825,836

Beijing Gas HK is a limited liability company incorporated in Hong Kong whose principal activity is investment holding. It is a substantial shareholder of the Company holding approximately 26.91% of the issued shares of the Company as at the date of this announcement and is an indirect wholly-owned subsidiary of Beijing Gas Group. Beijing Gas Group is a limited liability company incorporated in the PRC whose principal activities include natural gas production and distribution services.

IMPLICATIONS UNDER THE LISTING RULES

It is expected that the Proposed Acquisition, if materializes, would constitute a major transaction for the Company under the Listing Rules.

As Beijing Gas HK is a substantial shareholder of the Company, it is a connected person of the Company. Therefore, the Proposed Acquisition, if materializes, would constitute a major and connected transaction for the Company under the Listing Rules subject to the reporting, announcement and independent shareholders’ approval requirements under Chapters 14 and 14A of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

If the Proposed Acquisition materializes, it would result in Beijing Gas HK holding more than 30% voting rights of the Company. As such, Beijing Gas HK would be obligated to make a general offer for shares of the Company (other than those already owned or agreed to be acquired by Beijing Gas HK and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. Accordingly, completion of the Proposed Acquisition would be conditional upon, among other things, the grant of a whitewash waiver by the Executive (as defined in the Takeovers Code). The whitewash waiver, if granted by the Executive, would be subject to, among other things, approval by the independent shareholders of the Company by way of poll.

The whitewash waiver would be one of the conditions precedents to completion of the Proposed Acquisition, which would not be waivable by any party to the Proposed Acquisition. If the whitewash waiver is not granted by the Executive, or the whitewash waiver is not approved by the independent shareholders of the Company, the Proposed Acquisition would not become unconditional and would not proceed.

CAUTION

As at the date of this announcement, no legally binding agreements in relation to the Proposed Acquisition have been entered into. The Proposed Acquisition may or may not materialize, and is subject to further due diligence to be conducted and the definitive agreement to be entered into. Detailed terms of the Proposed Acquisition are still subject to negotiation and finalization. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

MONTHLY UPDATE

Monthly announcement(s) will be made in relation to the progress of the Proposed Acquisition. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code.

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

Hong Kong, 3 November 2017

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.