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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)**

**ISSUE OF CONVERTIBLE BONDS  
UNDER THE GENERAL MANDATE**

**THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 18 April 2017 (after trading hours), the Company entered into the Subscription Agreement with the Investor, pursuant to which the Investor conditionally agreed to subscribe, and the Company conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$150,000,000.

The Convertible Bonds carry the right to convert into the Conversion Shares at the Conversion Price of HK\$0.67 per Conversion Share (subject to adjustment). Assuming the Conversion Right is exercised in full at the Conversion Price of HK\$0.67 per Conversion Share and there is no adjustment to the Conversion Price, 223,880,597 Conversion Shares will be allotted and issued to the Investor represent (i) approximately 2.28% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 2.23% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares; and (iii) approximately 2.10% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares, the 2016 Conversion Shares and the conversion shares of the China Huarong CB, assuming all the new Shares under the 2016 Convertible Bonds and the China Huarong CB have been issued.

## **LISTING RULES IMPLICATIONS**

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 3 June 2016, i.e. 1,689,580,206 Shares. After the issue of the 2016 Convertible Bonds and the China Huarong CB, the remaining number of Shares available for issue by the Directors under the General Mandate is 1,092,565,282 Shares. After the issue of the 2016 Convertible Bonds, the China Huarong CB and the Conversion Shares, the balance of number of Shares available for use by the Directors under the General Mandate will be 868,684,685 Shares. As the Conversion Shares will be allotted and issued under the General Mandate, the Subscription and the issue of Conversion Shares (upon conversion of the Convertible Bonds) are not subject to Shareholders' approval.

**As Closing is subject to the fulfillment of a number of Conditions, the transaction may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

On 18 April 2017 (after trading hours), the Company entered into the Subscription Agreement with the Investor, pursuant to which the Investor conditionally agreed to subscribe, and the Company conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$150,000,000.

Details of the terms of the Subscription Agreement are summarized below.

### **Date**

18 April 2017 (after trading hours)

### **Parties**

- (i) the Company; and
- (ii) the Investor.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are Independent Third Parties.

### **Subscription of the Convertible Bonds**

Subject to the terms and conditions of the Subscription Agreement, the Company agrees to issue and the Investor agrees to, subject to fulfilment and/or waiver (other than Condition (f) below, which shall not be waivable) of the Conditions at Closing, subscribe the Convertible Bonds of an aggregate principal amount of HK\$150,000,000 in cash.

## Conditions at Closing

The obligation of the Investor to subscribe and pay for the Convertible Bonds is subject to the fulfilment or waiver (as the case may be), prior to or simultaneously at Closing of the following conditions:

- (a) the representations and warranties of the Company in the Subscription Agreement shall be true, accurate and correct in all respects and not misleading in any respect at, and as if made on, the Closing Date;
- (b) the Company shall have performed all of its obligations under the Subscription Agreement to be performed on or before the Closing Date;
- (c) the Company shall deliver to the Investor a certificate signed by its duly authorised officer confirming the above Conditions (a) to (b);
- (d) there shall not have occurred any event or change (nor any development or event involving a prospective change), which has or may have a material adverse effect;
- (e) Beijing Enterprises Group Company Limited and its subsidiaries as a whole shall remain the largest shareholder of the Company;
- (f) the Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in, the Conversion Shares (and such approval continuing to be effective and not having been revoked) and a copy of the approval and permission having been delivered to the Investor;
- (g) the Company shall have delivered certified true copies of all consents and approvals required on the part of the Company in relation to (i) the execution of the Bond Documents; (ii) the issue of the Bonds; (iii) the issue of Conversion Shares that would be required to be issued upon conversion of the Bonds in accordance with the terms and conditions of the Convertible Bonds; (iv) the name of the person designated by the Investor to be entered into the register of Bondholders as holder of the Bonds, and the sealing of certificate(s) in respect of the Bonds; and (v) the performance of its obligations under the Bond Documents and all the transactions contemplated under the Bond Documents (including, without limitation, approval by the Company's board of directors, approval by the Company's shareholders (if required) and any relevant governmental or regulatory authorities); and
- (h) the transactions contemplated by the Bond Documents shall remain permitted by and do not violate any applicable laws, regulations and trading rules and no person has instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge any of the transactions completed by the Bond Documents or has threatened to take any action as a result of or in anticipation of the implementation of any of the transactions contemplated by the Bond Documents.

The Company shall use its best endeavors to procure the fulfillment of all the Conditions as early as practicable and in any event not later than the Long Stop Date.

If the Conditions have not been fulfilled or (as the case may be) waived on or before the Long Stop Date, the Subscription Agreement will lapse and the parties will be released from all obligations thereunder.

## **Closing**

Closing shall take place at 3 p.m. on the Closing Date at the principal place of business of the Company in Hong Kong or such other time and place as may be agreed by the Company and the Investor.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds are arrived at after arm's length negotiations between the Company and the Investor and are summarised as follows:

### **Principal Amount**

HK\$150,000,000

### **Status**

The Convertible Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all time rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations. The Conversion Shares will rank *pari passu* with the Shares in issue on the relevant Registration Date.

### **Maturity Date**

The Convertible Bonds are due on the date falling thirty-two (32) months from the Issue Date (the "**Initial Maturity Date**"). Any Bondholder holding not less than HK\$500,000 of the Convertible Bonds may, with prior consent by the Company, extend the Initial Maturity Date of the respective Convertible Bonds held by such Bondholder to a Business Day, which fall on or after 4 months but not more than 12 months from the Initial Maturity Date (the "**Extended Maturity Date**").

### **Interest**

The Convertible Bonds bear interest at the rate of 3.8% per annum on the outstanding principal amount from and including the Issue Date and payable semi-annually in arrears on the 30 June and 31 December in each year. The first interest payment date will be 30 June 2017.

If there is any exercise of Conversion Right, redemption or repayment pursuant to the terms and conditions of the Bond Instrument, the Convertible Bonds will cease to bear interest upon due presentation of payment of principal, unless such payment is improperly withheld, delayed or refused. In such case, the Convertible bonds will continue to bear interest at a rate of 8.2% per annum above the rate aforesaid (both before and after judgment) until the day on which all sums due in respect of such Convertible Bonds up to that day are received by or on behalf of the Bondholder.

## **Conversion Right**

The Bondholder shall have the right to convert all or part of the Convertible Bonds held by it (if in part, the principal amount of the Convertible Bonds to be converted shall be in the minimum amount of HK\$500,000 and integral multiples of HK\$500,000) into Shares credited as fully paid at any time during the Conversion Period disregarding fractions and rounded down to the nearest whole number of Shares, by dividing the principal amount of the Convertible Bonds to be converted, by the applicable Conversion Price in effect on the conversion date.

## **Conversion Period**

The Conversion Right in respect of the Convertible Bonds may be exercised, at the option of the Bondholder, at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Bond Instrument) on or after the Issue Date up to the close of business (at the place where the certificate of the Convertible Bonds is deposited for conversion) on the date falling 30 days prior to the Maturity Date (both days inclusive). The Bond Instrument provides that the Company may not redeem the Convertible Bonds at its option prior to the Maturity Date.

## **Conversion Price**

The Conversion Price is initially HK\$0.67 per Conversion Share subject to adjustment. The initial Conversion Price represents:

- (a) a premium of approximately 17.54% over the closing price of HK\$0.570 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 17.54% over the average of the closing prices of HK\$0.570 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately to and including the Last Trading Date; and
- (c) a premium of approximately 16.52% over the average of the closing prices of HK\$0.575 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately to and including the Last Trading Date.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Investor with reference to the prevailing market prices of the Shares as demonstrated above. The Directors are of the opinion that the Conversion Price for the issuance of the Conversion Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Adjustments to the Conversion Price**

The Conversion Price shall be adjusted as provided in each of the following events:

- (a) an alteration of the par value of the Shares as a result of consolidation, subdivision or reclassification;
- (b) an issuance of Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium accounts) or by way of a scrip dividend;

- (c) a capital distribution being paid or made by the Company to the Shareholders;
- (d) an offer or grant being made by the Company to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares at a price per Share less than the market price on the date of the announcement of the terms of such offer or grant;
- (e) an issue of any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or the issue or grant to all or substantially all Shareholders by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (f) an issue or grant (otherwise as mentioned in event (d) above) of any Shares, options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares at a price per Share less than 85% of the market price on the date of announcement of the terms of such issue or grant;
- (g) an issue (otherwise as mentioned in events (d), (e) or (f) above) of any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued upon conversion, exchange or subscription at a consideration per Share which is less than 85% of the market price on the date of announcement of the terms of issue of such securities;
- (h) any modification of the rights of conversion, exchange or subscription attaching to any such securities as mentioned in event (g) above so that the consideration per Share is reduced and is less than 85% of the market price on the date of announcement of such proposed modification;
- (i) any issue, sale or distribution of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in an arrangement whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under events (d), (e), (f) or (g) above); and
- (j) any other events where the Company or a Bondholder determines that an adjustment should be made to the Conversion Price as a result of any events or circumstances not referred in above. In such case, the Company or a Bondholder shall, at its own expense, jointly appoint an independent investment bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof pursuant to the condition in the Bond Instrument.

## **Conversion Shares**

The Convertible Bonds carry the right to convert into the Conversion Shares at the Conversion Price of HK\$0.67 per Conversion Share (subject to adjustment). Assuming the Conversion Right is exercised in full at the Conversion Price of HK\$0.67 per Conversion Share, 223,880,597 Conversion Shares will be allotted and issued to the Bondholder represent (i) approximately 2.28% of the issued capital of the Company as at the date of this announcement; (ii) approximately 2.23% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares; and (iii) approximately 2.10% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares, the 2016 Conversion Shares and the conversion shares of the China Huarong CB, assuming all the new Shares under the 2016 Convertible Bonds and the China Huarong CB have been issued.

## **Revival and/or survival after default**

If (a) the Company defaults in making payment in full in respect of any Convertible Bonds which shall have been called or put for redemption on the date fixed for redemption; (b) any Convertible Bonds has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events of default; or (c) any Convertible Bonds is not redeemed on the Maturity Date in accordance with the relevant condition(s) in the Bond Instrument, the Conversion Right will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the certificate of the Convertible Bonds is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Convertible Bonds have been duly received by the Bondholders and any Convertible Bonds for conversion prior to such date shall be converted on the relevant Conversion Date.

## **Transferability**

The Convertible Bonds may not be transferred to any connected persons (as defined in the Listing Rules) of the Company except with the prior written approval of the Company.

## **Redemption on Maturity Date**

The Company will redeem the Convertible Bonds at the redemption amount which shall be calculated in accordance to the following formula:

$$\text{Redemption amount} = \frac{\text{Principal amount of the Convertible Bonds} \times (4.7\% \times (N/365) + 1) \times 100\% + (\text{any accrued but unpaid interest})}{1}$$

$$N = \text{Number of days from the Issue Date of the Bonds to the Maturity Date}$$

For illustration purpose only, if the Convertible Bonds are due on the Initial Maturity Date, the principal amount of the Convertible Bonds which remains outstanding on the Initial Maturity Date shall be automatically redeemed by the Company at 112.54% of the principal amount together with any accrued but unpaid interest and/or premium on the Initial Maturity Date.

If the Convertible Bonds are due on the Extended Maturity Date, the principal amount of the Convertible Bonds which remains outstanding on the Extended Maturity Date shall be redeemed by the Company at 117.24% of the principal amount together with any accrued but unpaid interest and/or premium on the Extended Maturity Date.

The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date.

### **Redemption for Relevant Event**

Following the occurrence of any of the following events: (a) when the Shares cease to be listed or admitted to trading on the relevant stock exchange; (b) when the Shares are suspended for trading for a period equal to or exceeding 15 consecutive trading days on the relevant stock exchange, save for any suspension thereof required under the Listing Rules for clearance of announcement or circular to be made by the Company; or (c) when a change of control occurs, pursuant to the terms of the Convertible Bond, the Bondholder will have the right, at its option, to require the Company to redeem all or some, of the Convertible Bonds.

In case the said event takes place, the redemption amount for the Convertible Bonds shall be the higher of (a) the amount equal to 112.54% of the principal amount of the Convertible Bonds to be redeemed together with any accrued but unpaid interest up till the date of full payment of such redemption amount; or (b) the amount shall be calculated in accordance to the following formula:

$$\begin{aligned} \text{Redemption amount for relevant event} &= \text{Principal amount of the Convertible Bonds} \times (4.7\% \times (N/365) + 1) \\ &\quad \times 100\% + (\text{any accrued but unpaid interest up till the date of full} \\ &\quad \text{payment of such redemption amount}) \\ N &= \text{the number of days from the issue date of the Bonds to the date of} \\ &\quad \text{occurrence of the Relevant Event or the Event(s) of Default,} \\ &\quad \text{as the case may be} \end{aligned}$$

### *Events of Default*

The Bondholder may give written notice to the Company that the Convertible Bonds are, and they shall immediately become due and payable by the Company at the amount same as the redemption amount to be payable for relevant event.

### *Listing*

The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

### **EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has 9,818,319,884 Shares in issue. The shareholding structure of the Company as at (i) the date of this announcement; (ii) immediately upon the issue and allotment of Conversion Shares but before the full conversion of the 2016 Conversion Bonds and the China Huarong CB; and (iii) immediately



after full conversions of the Convertible Bonds, 2016 Convertible Bonds and China Huarong CB are as follows:

Shareholders	Note	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds but before full conversion of 2016 Convertible Bonds and China Huarong CB		Immediately after full conversions of the Convertible Bonds, 2016 Convertible Bonds and China Huarong CB	
		Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
<b>Substantial Shareholders</b>							
Grand Powerful Group Limited	1	1,072,486,256	10.92	1,072,486,256	10.68	1,072,486,256	10.08
Cheng Ming Kit	1	92,141,040	0.94	92,141,040	0.92	92,141,040	0.87
Beijing Gas Company Limited	2	2,644,444,443	26.93	2,644,444,443	26.33	2,644,444,443	24.86
Lee Tsz Hang	3	665,365,000	6.78	665,365,000	6.62	665,365,000	6.25
<b>Other Directors</b>							
Sze Chun Lee	4	141,288,480	1.44	141,288,480	1.41	141,288,480	1.33
Hu Xiaoming	5	2,640,000	0.03	2,640,000	0.03	2,640,000	0.02
Hung Tao	6	19,444,040	0.20	19,444,040	0.19	19,444,040	0.18
<b>Public Shareholders</b>							
Talent Impact		—	—	—	—	298,507,462	2.81
China Huarong		—	—	—	—	298,507,462	2.81
Investor		—	—	223,880,597	2.23	223,880,597	2.10
Public Shareholders		<u>5,180,510,625</u>	<u>52.76</u>	<u>5,180,510,625</u>	<u>51.59</u>	<u>5,180,510,625</u>	<u>48.69</u>
<b>Total</b>		<u><u>9,818,319,884</u></u>	<u><u>100.00</u></u>	<u><u>10,042,200,481</u></u>	<u><u>100.00</u></u>	<u><u>10,639,215,405</u></u>	<u><u>100.00</u></u>

Notes:

- Mr. Cheng Ming Kit holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 1,072,486,256 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit also personally holds 92,141,040 Shares and 9,962,690 share options.
- Beijing Enterprises Group Company Limited indirectly controlled Beijing Gas Company Limited and is deemed to be interested in 2,644,444,443 Shares. Beijing Gas is also a holder of convertible bond in an aggregate principal amount of HK\$130,000,000 at the issue price of HK\$0.45 which will be converted into 288,888,888 Shares. Mr. Zhi Xiaoye, the Non-executive Director and Co-chairman of the Board, is currently Vice President of Beijing Enterprises Holdings Limited and he also serves as General Manager of Beijing Gas Group Co., Ltd.
- Mr. Lee Tsz Hang holds 100% interest in Win Ways Investment Limited and is deemed to be interested in 202,680,000 Shares held by Win Ways Investment Limited. Mr. Lee Tsz Hang personally holds 462,685,000 Shares.
- Mr. Sze Chun Lee holds 43.75% interest in China Print Power Limited and is deemed to be interested in 139,488,480 Shares held by China Print Power Limited. Mr. Sze Chun Lee personally holds 1,800,000 Shares.
- Mr. Hu Xiaoming personally holds 2,640,000 Shares and 10,000,000 share options.
- Mr. Hung Tao personally holds 19,444,040 Shares and 20,462,690 share options.

## **REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS**

The Group is principally engaged in (i) natural gas for transportation; (ii) trading and distribution of natural gas; and (iii) city gas and other related products.

The Directors consider raising funds by issuing the Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Group to enhance its working capital and strengthen its financial position for financing the expansion of the natural gas business. The Directors also consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Group since it will not have an immediate effect on diluting the shareholding of the existing Shareholders and even if the Conversion Right is exercised, the shareholder base of the Company will be broadened. It signifies the Investor's confidence and recognition of their willingness to support the Company.

The Directors consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Investor, are fair and reasonable and are in the interests of the Company and the Shareholder as a whole.

The net proceeds of approximately HK\$137.0 million from the issue of the Convertible Bonds will be used to finance the expansion of the natural gas business and as the general working capital of the Group.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds as stated in the announcement and/or circular	Actual use of proceeds/Remark
6 January 2016 (completed on 11 May 2016)	Issue of new shares and convertible bonds	Approximately HK\$1,318 million	Financing the expansion of natural gas business of the Company and replenish the general working capital	<ul style="list-style-type: none"> <li data-bbox="1158 450 1484 613">— Approximately HK\$844.4 million was used for mergers and acquisitions of natural gas related projects;</li> <li data-bbox="1158 658 1484 822">— Approximately HK\$62.3 million was used for the capital expenditure for the existing projects of the Group;</li> <li data-bbox="1158 866 1484 1128">— Approximately HK\$151.7 million was used for general working capital which shall include general administrative expenses and interest payment for loans and convertible bonds;</li> <li data-bbox="1158 1173 1484 1337">— Approximately HK\$26.7 million was used for repayment of finance lease and corresponding interest payment;</li> <li data-bbox="1158 1382 1484 1464">— Approximately HK\$157.7 million was used for treasury function; and</li> <li data-bbox="1158 1509 1484 1637">— The balance of HK\$75.2 million to be utilized for capital expenditure of existing projects.</li> </ul>

<b>Date of announcement</b>	<b>Event</b>	<b>Approximate net proceeds</b>	<b>Intended use of net proceeds as stated in the announcement and/or circular</b>	<b>Actual use of proceeds/Remark</b>
16 December 2016	Issue of 2016 Convertible Bonds	Approximately HK\$189.9 million	Financing the expansion of natural gas business of the Company and as general working capital	<ul style="list-style-type: none"> <li>— Approximately HK\$137.4 million was used for mergers and acquisitions of natural gas related projects;</li> <li>— Approximately HK\$29.6 million was used for general working capital which shall include general administrative expenses and interest payment for loans and convertible bonds; and</li> <li>— The balance of HK\$22.9 million shall be utilized as proposed for general working capital.</li> </ul>
13 April 2017	Issue of convertible bonds	Approximately HK\$176.9 million	Financing the expansion of natural gas business of the Company and as general working capital	Not yet utilised

Apart from above fundraising activity, the Company did not conduct any other fundraising on issue of equity securities in the last 12 months immediately preceding the date of this announcement.

## **INFORMATION OF THE INVESTOR**

As advised by the Investor, the Investor is a company with limited liability incorporated in the Hong Kong. As advised by the Investor, the principal activity of the Investor is investment holding. As at the date of this announcement, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 3 June 2016, i.e. 1,689,580,206 Shares. After the issue of the 2016 Convertible Bonds and the China Huarong CB, the remaining number of Shares available for issue by the Directors under the General Mandate will be 1,092,565,282 Shares. After the issue of the 2016 Convertible Bonds, the China Huarong CB and the Conversion Shares, the balance of number of Shares available for use by the Directors under the General Mandate will be 868,684,685 Shares. As the Conversion Shares will be allotted and issued under the General Mandate, the Subscription and the issue of Conversion Shares (upon conversion of the Convertible Bonds) are not subject to Shareholders' approval.

The Convertible Bonds carry the right to convert into the Conversion Shares at the Conversion Price of HK\$0.67 per Conversion Share (subject to adjustment). Assuming the Conversion Right attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$0.67 per Conversion Share, Conversion Shares to be issued to the Investor represent (i) approximately 2.28% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 2.23% of the issued share capital of the Company as enlarged by the issue and allotment of Conversion Shares; and (iii) approximately 2.10% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares, the 2016 Conversion Shares and the conversion shares of the China Huarong CB, assuming all the new Shares under the 2016 Convertible Bonds and the China Huarong CB have been issued.

**As the Closing is subject to the fulfillment and/or waiver (as the case may be) of the Conditions, the transaction may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“2016 Convertible Bonds”	convertible bonds of a principal amount of HK\$200,000,000 issued by the Company pursuant to the subscription agreement dated 16 December 2016 entered into between the Company and Talent Impact (for details of which please refer to the announcement of the Company dated 16 December 2016);
“2016 Conversion Shares”	the 298,507,462 new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the 2016 Convertible Bonds by Talent Impact;
“AGM”	annual general meeting of the Company held on 3 June 2016;
“Board”	the board of Directors;
“Bond Documents”	the Subscription Agreement, the Bond Instrument and the bond certificates and any other document designated as such by the Company and the Investor from time to time;
“Bondholder(s)”	the holder of the Convertible Bonds;
“Bond Instrument”	a bond instrument constituting the Convertible Bonds;
“Business Day”	a day other than Saturday, Sunday, public holiday in Hong Kong or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. or other day on which banks are not open for general business in Hong Kong;

“China Huarong CB”	convertible bonds of a principal amount of HK\$200,000,000 issued by the Company pursuant to the conditional subscription agreement dated 13 April 2017 entered into between the Company and China Huarong International Holdings Limited (For details of which please refer to the announcement of the Company dated 13 April 2017);
“Closing”	the completion of the subscription of the Convertible Bonds;
“Closing Date”	the date which is five Business Days after the date upon which the last of the Conditions has been satisfied or (as the case may be) waived, or such later date as the Company and the Investor may agree for completion of the Subscription of the Convertible Bonds;
“Company”	Beijing Gas Blue Sky Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code: 6828) and secondary listed on the Singapore Exchange Securities Trading Limited (Stock Code: UQ7);
“Condition(s)”	the condition(s) precedent to the completion of the subscription of the Convertible Bonds, details of which are set out in the paragraph headed “Conditions at Closing” of this announcement;
“Conversion Date”	any day (other than a Saturday or Sunday or public holiday) on which the relevant Stock Exchange is open for the business of dealing in securities;
“Conversion Period”	at any time (subject to any applicable fiscal or other laws or regulations and as provided in the Bond Instrument) on or after the Issue Date up to the close of business (at the place where the certificate of the Convertible Bonds is deposited for conversion) on the date falling 30 days prior to the Maturity Date (both days inclusive) or, if such Convertible Bonds shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than seven Business Days prior to the date fixed for redemption thereof;
“Conversion Price”	the price at which Shares will be issued upon exercise of the Conversion Right, such price initially being HK\$0.67 per Share, but subject to adjustment in accordance with the terms of the Bond Instrument (including the Conditions) in relation to the Convertible Bonds;
“Conversion Right”	the right of the Bondholder to convert all or part of the Convertible Bonds held by it into Shares credited as fully paid;
“Conversion Shares”	the 223,880,597 new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds by the Investor;

“Convertible Bonds”	3.8% coupon convertible bonds of an aggregate principal amount of HK\$150,000,000 convertible into Conversion Shares due on the date falling on the thirty two (32) calendar months from the Issue Date with prior consent by the Company, the Bondholder may extend the Initial Maturity Date of the respective Convertible Bonds held by such Bondholder to a Business Day, which fall on or after 4 months but not more than 12 months from the Initial Maturity Date;
“Directors”	director(s) of the Company;
“General Mandate”	the general mandate granted by the Shareholders at the AGM to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 3 June 2016, that is, 1,689,580,206 Shares;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (as defined in the Listing Rules) of the Company;
“Investor”	Central China International Investment Company Limited (中州國際投資有限公司), a limited liability company incorporated under the laws of Hong Kong;
“Issue Date”	the date of the Bond Instrument;
“Last Trading Date”	13 April 2017, being the last trading day before the publication of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 April 2017 or such later date as the Investor and the Company may agree in writing;
“Maturity Date”	Initial Maturity Date or Extended Maturity Date, as the case may be;
“Registration Date”	the date the person(s) is or are registered as such in the register of members of the Company upon conversion of the number of Shares issuable;
“Shareholder(s)”	the holder(s) of Share(s);
“Share(s)”	ordinary share(s) of HK\$0.055 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Convertible Bonds by the Investor pursuant to the Subscription Agreement;

“Subscription Agreement”	the conditional subscription agreement dated 18 April 2017 and entered into between the Company and the Investor in respect of the Subscription;
“Talent Impact”	Talent Impact Enterprises Corp., a special purpose vehicle incorporated in British Virgin Islands, which is the subscriber of the 2016 Convertible Bonds;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 18 April 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.*