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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)

MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF 100% OF THE ISSUED SHARE
CAPITAL OF TOP GRAND GLOBAL LIMITED

THE ACQUISITION AGREEMENT

Reference is made to the MOU Announcements whereby it was announced that the Purchaser has entered into the MOU in relation to the possible acquisition of 98% of the equity interest of Yuhai from the Vendor.

The Board is pleased to announce that on 8 June 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor pursuant to which the Vendor conditionally agrees to sell and the Purchaser conditionally agrees to purchase 100% of the issued share capital of Top Grand, which indirectly holds 98% equity interest of Yuhai, at the Consideration of RMB349,860,000 (equivalent to approximately HK\$402,759,000), subject to adjustment, and the Guarantor has agreed to guarantee the due performance and obligations of the Vendor under the Acquisition Agreement.

Upon Completion, the Target Group will become non-wholly-owned subsidiaries of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition in aggregate are above 25% but less than 100%, the Acquisition constitute a major transaction of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will seek Shareholders' approval at the SGM by way of poll for the Acquisition Agreement and the transaction contemplated therein.

GENERAL

A SGM will be convened for the Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition and the transactions contemplated thereunder.

A circular, containing, among other things, further details of the Acquisition, accountants report(s) of the Target Group, pro forma financial information of the Group and the Target Group, the Valuation Report and other information required under the Listing Rules in respect of the Acquisition, the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 31 July 2017 as additional time is required for the preparation of the relevant information, including but not limited to the accountants' report of the Target Group, for inclusion in the circular.

As Completion is subject to the fulfillment of the respective conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the MOU Announcements whereby it was announced that the Purchaser has entered into the MOU in relation to the possible acquisition of 98% of the equity interest of Yuhai from the Vendor.

The Board is pleased to announce that on 8 June 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement with the Vendor and the Guarantor pursuant to which the Vendor conditionally agrees to sell and the Purchaser conditionally agrees to purchase 100% of the issued share capital of Top Grand which indirectly hold 98% of the equity interest of Yuhai, at the Consideration of RMB349,860,000 (equivalent to approximately HK\$402,759,000), subject to adjustment, and the Guarantor has agreed to guarantee the due performance and obligations of the Vendor under the Acquisition Agreement.

Set out below are the respective major terms of the Acquisition Agreement.

THE ACQUISITION AGREEMENT

Date

8 June 2017 (after trading hours of the Stock Exchange)

Parties

Vendor : Sea Pioneer Limited

Purchaser : Goldlink Capital Limited, a direct wholly-owned subsidiary of the Company

Guarantor : Li Xiulin* (李秀林)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor, its ultimate beneficial owner(s) and the Guarantor is Independent Third Party.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Vendor conditionally agrees to sell and the Purchaser conditionally agrees to purchase 100% of the issued share capital of Top Grand, which indirectly holds 98% of the equity interest of Yuhai, at the Consideration of RMB349,860,000 (equivalent to approximately HK\$402,759,000), subject to adjustment.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor and subject to adjustment, having regards to the (i) financial position and the prospects and potential of the business of Shanxi Minsheng and Yongji Minsheng; (ii) Shenzhen Benfu holding 98% equity interest in Yuhai and Yuhai holding 51% equity interest in Saiguangbo which in turn holding 100% equity interest in Shanxi Minsheng and Yongji Minsheng; (iii) the unaudited net profit of Shanxi Minsheng and Yongji Minsheng adjusted by the management fee, details of which are discussed in the paragraph headed "Financial Information of the Target Group" below, of approximately RMB13.2 million and RMB4.2 million, respectively, for the three months ended 31 March 2017; and (iv) the Profit Guarantee, as defined below, of the Target Group for the period of one year from the date of Completion provided by the Vendor.

The Consideration shall be settled by the Purchaser in the following manner:

- (i) a sum of RMB250,000,000 (equivalent to approximately HK\$291,615,000) having been paid as refundable earnest money under the MOU shall be fully applied to satisfy payment of part of the Consideration on the date of Completion;
- (ii) a sum of RMB50,000,000 (equivalent to approximately HK\$57,560,000) (the "**Retention Fund**") will be retained by the Purchaser on the date of Completion to secure the performance of the Profit Guarantee as stated below; and
- (iii) the remaining balance of the Consideration, being RMB49,860,000 (equivalent to approximately HK\$57,399,000), in the event that there is no adjustment, shall be payable by the Purchaser to Vendor (or its nominees) in cash on the date of Completion.

Adjustment to the Consideration

In the event that the amount of 49.98% of the Saiguangbo's Value is:

- (i) equal to or more than RMB349,860,000, there will not be any adjustment to the Consideration;
- (ii) less than RMB349,860,000 but more than RMB250,000,000, the remaining portion of the Consideration to be paid to Vendor shall be adjusted downward accordingly;
- (iii) less than RMB250,000,000 but remain positive, Vendor shall return the difference between the refundable earnest money and the amount of 49.98% of the Saiguangbo's Value, without interest, to the Purchaser as at the date of Completion; and
- (iv) negative, Purchaser shall have the right to not to proceed with the Acquisition by written notice to the Vendor, and Vendor shall return the entire refundable earnest money, without interest, to the Purchaser within 5 Business Days upon receipt of such written notice.

Profit Guarantee

Pursuant to the Acquisition Agreement, the Guarantor irrevocably and unconditionally guarantees and undertakes to the Purchaser that the audited net profit of the Target Group net of any extraordinary items for the period of one year from date of Completion (the “**Actual Profit**”) shall not be less than RMB50,000,000 (equivalent to approximately HK\$57,560,000) (the “**Profit Guarantee**”).

If the Actual Profit is lower than the Profit Guarantee, the Vendor irrevocably and unconditionally agrees with the Purchaser to deduct an amount equivalent to the shortfall as monetary compensation from the Retention Fund. If the Retention Fund is insufficient to cover such shortfall, the Vendor shall pay the balance of such shortfall which is not covered by the Retention Fund within 5 days from receiving written notice from Purchaser to the Purchaser.

If the Actual Profit is equal to or more than the Profit Guarantee, the Purchaser will pay the Retention Fund (without interest within 5 days from receiving written notice from Vendor) to the Vendor.

Conditions precedent of Acquisition

Completion is subject to the following conditions being fulfilled and/or waived (as the case may be):

- (i) to the extent required by the Listing Rules, the approval of the Acquisition Agreement and the transactions contemplated thereunder by the Shareholders having been obtained;
- (ii) the Purchaser having received and being satisfied with the Valuation Report;
- (iii) the Purchaser being satisfied with the results of the due diligence review (including but not limited to the review on liabilities) in respect of Target Group;
- (iv) the Purchaser having received and being satisfied with the relevant documents in relation to the share transfer of 100% of the equity interest of Top Grand to the Purchaser and/or its nominee and registered the said documents (and be satisfied by the Purchaser) with the relevant governmental authorities in the BVI to the satisfaction of the Purchaser;
- (v) Vendor being the beneficial owner of all the equity interest of Top Grand, which is free from any encumbrance or third party’s rights;
- (vi) Shenzhen Benfu being the beneficial owner of all the 98% of the equity interest of Yuhai, which is free from any encumbrance or third party’s rights;
- (vii) Yuhai being the legal and beneficial owner of 51% equity interest in Saiguangbo, which is free from any encumbrance or third party’s rights, save and except the pledge for securing the repayment of the Refundable Earnest Money;
- (viii) Saiguangbo being the legal and beneficial owner of 100% equity interests in Shanxi Minsheng and Yongji Minsheng, which are free from any encumbrance or third party’s rights, save and except the pledge for securing the repayment of the Refundable Earnest Money;

- (ix) Vendor, Yuhai, Saiguangbo, Shanxi Minsheng and Yongji Minsheng having obtained all necessary approvals and authorisations in respect of the Acquisition Agreement and transactions contemplated thereunder, including but not limited to the approval from the board and shareholders (if applicable);
- (x) Purchaser having received and being satisfied with the relevant proof and/or certification in relation to the change of directors and company secretaries of the Target Group being effected in accordance with the law and agreement with the Purchaser and the registration of the relevant documents at the relevant governmental authorities in Hong Kong, BVI and PRC;
- (xi) the management of Target Group having no material change, and not having done any act which may result in negative impact on the business, assets, properties, financial condition, operation and prospect of Target Group before and at the date of Completion, and the warranties having remained true and accurate in all respects as at the date of Completion; and
- (xii) the Purchaser having received (to the satisfaction of the Purchaser) the deed of guarantee duly executed by the Guarantor.

The Purchaser shall have the right to waive any of the above conditions, save for condition (i), at its discretion. If any of the conditions have not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date or such later date as the parties to the Acquisition Agreement may agree in writing, the Acquisition Agreement shall lapse and have no further effect. The Vendor shall refund all amounts previously received from the Purchaser (including but not limited to the Refundable Earnest Money), without interest, to the Purchaser immediately. Upon the due receipt of the above payment by the Purchaser and save for any antecedent breach of the Acquisition Agreement, none of the parties shall make any claims against any other parties pursuant to the terms and conditions of the Acquisition Agreement.

As disclosed in the MOU Announcements, pursuant to the MOU, Guarantor has executed or has procured relevant parties to execute the following documents to secure the repayment (if applicable) of the Refundable Earnest Money, which remain valid and legally enforceable after entering into of the Acquisition Agreement:

- (1) the negative pledges and undertaking letters in respect of Yuhai, Saiguangbo, Shanxi Minsheng and Yongji Minsheng executed by the Guarantor;
- (2) the negative pledges and undertaking letters in respect of Saiguangbo, Shanxi Minsheng and Yongji Minsheng executed by Yuhai; and
- (3) the negative pledges and undertaking letters in respect of Shanxi Minsheng and Yongji Minsheng executed by Saiguangbo.

Completion

Completion shall take place within five Business Days immediately following the date that all above conditions have been satisfied and/or waived (as the case may be) but not be later than the Conditions Fulfillment Date.

INFORMATION OF THE COMPANY AND THE PURCHASER

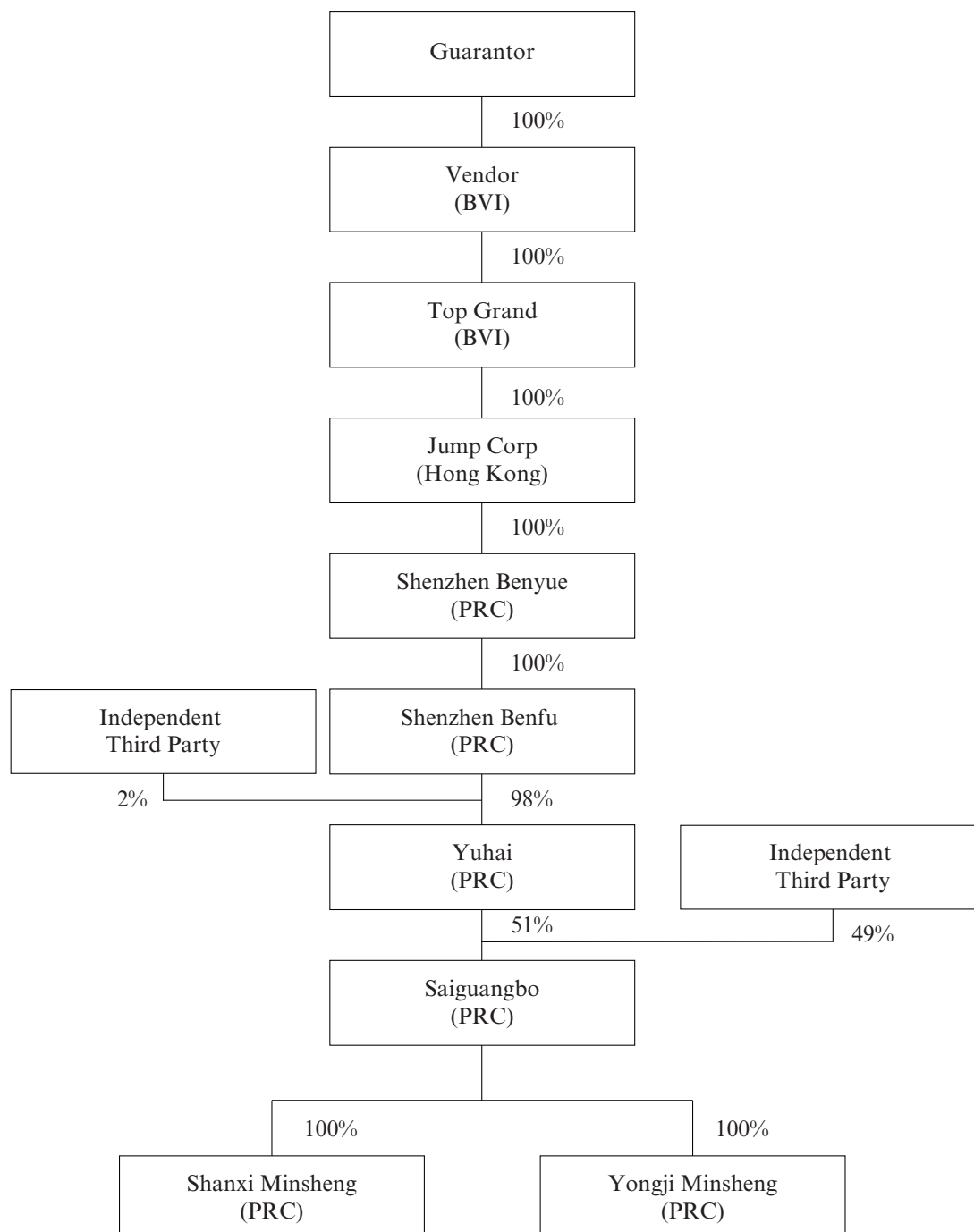
The Company is principally engaged in (i) natural gas for transportation; (ii) trading and distribution of natural gas; and (iii) city gas and other related products. The Purchaser is incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. Its principal business is investment holding.

INFORMATION OF THE VENDOR AND THE GUARANTOR

The Vendor is a company incorporated in the BVI with limited liability. Its principal business is investment holding. The Vendor is wholly-owned by the Guarantor, who is a PRC citizen and a businesswomen. As at the date of this announcement, the Vendor directly holds 100% of Top Grand which indirectly holds 98% of the equity interest in Yuhai, which in turn directly holds 51% of the equity interest in Saiguangbo, which in turn holds 100% of the equity interest in Shanxi Minsheng and Yongji Minsheng.

INFORMATION OF THE TARGET GROUP

The shareholding structure of the Target Group prior to Completion is set out in the simplified chart below:



Top Grand

Top Grand Global Limited (領宏環球有限公司) is a company incorporated in the BVI with limited liability on 18 August 2016, which is directly wholly-owned by the Vendor. As advised by the Vendor, the principal business of Top Grand is, among other things, investment holding. As advised by the Vendor, save for the interest in Jump Corp, Top Grand has no other asset and operation since its incorporation in all material respects.

Jump Corp

Jump Corporation Limited (奔躍有限公司) is a company incorporated in Hong Kong with limited liability on 7 June 2016, which is directly wholly-owned by Top Grand. As advised by the Vendor, the principal business of Jump Corp is, among other things, investment holding and save for the interest in Shenzhen Benyue, Jump Corp has no other asset and operation since its incorporation in all material respect.

Shenzhen Benyue

Shenzhen Benyue Energy Company Limited* (深圳奔躍能源有限公司) is a company established in the PRC with limited liability on 20 September 2016, which is wholly owned by Jump Corp. As advised by the Vendor, the principal business of Shenzhen Benyue is, among other things, project investment consulting, development of energy saving and environmental new energy technology and save for the interest in Shenzhen Benfu, Shenzhen Benyue has no other asset and operation since its incorporation in all material respect.

Shenzhen Benfu

Shenzhen Benfu Energy Company Limited* (深圳奔富能源有限公司) is a company established in the PRC with limited liability on 22 September 2016, which is wholly owned by Shenzhen Benyue. As advised by the Vendor, the principal business of Shenzhen Benyue is, among other things, project investment consulting, development of energy saving and environmental new energy technology and save for the interest in Yuhai, Shenzhen Benfu has no other asset and operation since its incorporation in all material respect.

Yuhai

Shenzhen Yuhai Energy Company Limited* (深圳市裕海能源有限公司) is a company established in the PRC with limited liability on 6 September 2016, which is held by Shenzhen Benfu as to 98%. As advised by the Vendor, the principal business of Yuhai is, among other things, the technology development, technology transfer and consultation of new energy. To the best knowledge of the Company, the other shareholder of Yuhai is an Independent Third Party.

Saiguangbo

Chongqing Saiguangbo Technology Company Limited* (重慶賽廣博科技有限公司) is a company established in the PRC with limited liability on 7 February 2002, which is held by Yuhai as to 51%. As advised by the Vendor, the principal business of Saiguangbo is, among other things, investment of town gas and sale of gas equipment. To the best knowledge of the Company, the other shareholder of Saiguangbo is an Independent Third Party.

Shanxi Minsheng

Shanxi Minsheng Natural Gas Co., Ltd.* (山西民生天然氣有限公司) is a company established in the PRC with limited liability on 21 April 2006 which is wholly-owned by Saiguangbo.

Business Area

As advised by the Vendor, Shanxi Minsheng, is principally engaged in the (i) supply of piped gas to residential households, public utility, commercial and industrial users; and (ii) operation of 5 compressed natural gas (“CNG”) refuelling stations for vehicles in Yuncheng

City, Shanxi Province. Whilst Taiyuan, the largest city of Shanxi, generated the highest GDP of RMB273.5 billion in 2015, Yuncheng ranked third (RMB117.4 billion) which is just marginally after Changzhi (RMB119.5 billion) but is higher than Linfen (RMB116.1 million), Datong (RMB105.3 million) and Jincheng (RMB104 million). However the total value of exports shows that Yuncheng has an export oriented economic activities. In 2015 the total value of exports for Taiyuan was USD6,592 million. Yuncheng was the second highest (USD331 million) when compared with Jincheng (USD288 million), Datang (USD285 million), Linfen (USD166 million) and Changzhi (USD32 million). (*source Shanxi Statistical Yearbook 2016)

As advised by the Vendor, up to the date of this announcement, Shanxi Minsheng completed the connection for approximately 140,000 residential households and approximately 352 public utility, commercial and industrial users. For the year ended 31 December 2016, the total gas sales volume of Shanxi Minsheng amounted to approximately 69 million cubic meters.

Exclusive operation rights in Yuncheng City, Shanxi Province

Shanxi Minsheng entered into a number of operation rights agreements with the local government of Yuncheng City in Shanxi Province, in which Shanxi Minsheng was granted the build-operate-transfer (建造、營運及轉移) and exclusive operation rights (特許經營權) for terms of 20 years to 25 years, commencing from August 2006, October 2009, September 2011 and July 2012, for the supply of natural gas via gas pipelines within the Urban Planning Area (城市規劃區域) in Yuncheng City and the new development areas (新發展區域), such as Yanhu (鹽湖新區), Konggang (空港新區) and Yuncheng Economic Development Zone (運城經濟開發區). Of which Konggang will be the key growth area for piped gas consumption. The total development area under planning is around 65 km² with the development of 50 km² central district area has been completed. Major Shanxi based privately owned enterprises are located in Konggang including a leading heavy duty truck manufacturer with an annual output of RMB30 billion. Konggang also housed Asia largest yarn spinning mill invested by a Hong Kong company with a total investment of USD138 million.

Future prospects

It is expected that there will be further new connection to residential households by Shanxi Minsheng, in view of (i) the new real estate projects to be completed; and (ii) the conversion to piped gas by existing residential areas. Yuncheng City is also on track to achieve government's coal-to-gas conversion plan. According to the rules, coal fired steam turbine below 10 steam/ton has to be converted by the end of 2017. Coal fired steam turbines above 10 steam/ton are expected to complete the conversion within three years. In terms of gas sourcing Yuncheng enjoys the benefits of a dual piped gas supplier. With such an unique infrastructure (East gas city-gate東門站 and North gas city-gate北門站) Yuncheng is able to maximise the gas output during the peak season. Yuncheng has a well-balanced gas consumption mix in nature thus it is less affected by any economic cycle and policies.

Yongji Minsheng

Yongji Minsheng Natural Gas Co., Ltd.* (永濟市民生天然氣有限公司) is a company incorporated in the PRC with limited liability on 17 October 2008 which is wholly-owned by Saiguangbo.

Business Area

As advised by the Vendor, Yongji Minsheng is principally engaged in the (i) supply of piped gas to residential households, public utility, commercial and industrial users; and (ii) operation of 2 CNG refuelling stations for vehicles in Yongji City, Shanxi Province.

As advised by the Vendor, as of the date of this announcement, Yongji Minsheng completed the connection for approximately 19,000 residential households and approximately 85 public utility, commercial and industrial users. During the year ended 31 December 2016, the total gas sales volume of Yongji Minsheng amounted to approximately 17 million cubic meters.

Exclusive franchise operation agreement in Yongji City, Shanxi Province

As advised by the Vendor, Yongji Minsheng has entered into a franchise operation agreement with the local government of Yongji City, pursuant to which Yongji Minsheng is granted an exclusive operation right for 30 years commencing from November 2008 to invest in and operate the city pipeline system to provide and distribute piped natural gas in Yongji City, Shanxi Province.

Future prospects

It is expected that there will be further new connection to residential households by Yongji Minsheng, in view of (i) the new real estate projects to be completed; and (ii) the conversion to piped gas by existing residential areas. Further upside on gas consumption however will be coming from the commercial segment. Yongji City is developing its leisure industry lately with most restaurants, hotels and shopping malls are still not using natural gas as the main source of energy.

Since the government in the PRC is promoting the “coal-to-gas” policy to reduce the air pollution in the PRC. Therefore, it is expected that the business of both Shanxi Minsheng and Yongji Minsheng will also be benefited from the policy. On the same token Yongji City is also on track to comply with government’s coal-to-gas conversion plan. According to the rules, coal fired steam turbine below 10 steam/ton has to be converted by the end of 2017.

Financial Information of the Target Group

As advised by Vendor, Top Grand, Jump Corp, Shenzhen Benyue and Shenzhen Benfu have no material assets and business operations save for their indirect holding of equity interest in Yuhai.

The unaudited financial information of Yuhai for the period ended 31 December 2016 and three months ended 31 March 2017 are as follows:

	For the three months ended 31 March 2017 (Unaudited) RMB'000	For the period ended 31 December 2016 (Unaudited) RMB'000
Turnover	—	—
Profit before taxation	—	—
Net profit	—	—
	As at 31 March 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) RMB'000
Total assets	5,304	5,304
Total liabilities	5,304	5,304
Net assets	—	—

The unaudited financial information of Saiguangbo for the two financial years ended 31 December 2016 and three months ended 31 March 2017 are as follows:

	For the three months ended 31 March 2017 (Unaudited) RMB'000	For the year ended 31 December 2016 (Unaudited) RMB'000	For the year ended 31 December 2015 (Unaudited) RMB'000
Turnover	—	—	—
Loss before taxation	—	1	1
Net loss	—	1	1
	As at 31 March 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) RMB'000	As at 31 December 2015 (Unaudited) RMB'000
Total assets	140,010	140,010	72,009
Total liabilities	129,617	129,617	61,615
Net assets	10,393	10,393	10,394

The unaudited financial information of Shanxi Minsheng for the two financial years ended 31 December 2016 and three months ended 31 March 2017 are as follows:

	For the three months ended 31 March 2017	For the year ended 31 December 2016	For the year ended 31 December 2015
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	92,127	231,333	266,257
Profit before taxation	3,750	12,981	22,011
Net profit	2,395	8,911	15,555
	As at 31 March 2017	As at 31 December 2016	As at 31 December 2015
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	455,538	461,832	470,935
Total liabilities	348,034	353,924	372,205
Net assets	107,504	107,908	98,430

For the year ended 31 December 2016, and the three months ended 31 March 2017, the Company has received approximately RMB6.0 million and RMB10.8 million management fee from Shanxi Minsheng. It is the Company's current intention that the aforementioned management fee will not be charged after Completion. The net profits of Shanxi Minsheng after adding back the management fee were approximately RMB14.9 million and RMB13.2 million for the year ended 31 December 2016, and the three months ended 31 March 2017, respectively.

The unaudited financial information of Yongji Minsheng for the two financial years ended 31 December 2016 and three months ended 31 March 2017 are as follows:

	For the three months ended 31 March 2017	For the year ended 31 December 2016	For the year ended 31 December 2015
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	23,931	59,036	43,356
Profit/(loss) before taxation	2,526	3,888	(3,067)
Net profit	1,866	3,478	(3,067)

	As at 31 March 2017 (Unaudited) <i>RMB'000</i>	As at 31 December 2016 (Unaudited) <i>RMB'000</i>	As at 31 December 2015 (Unaudited) <i>RMB'000</i>
Total assets	116,839	107,961	91,400
Total liabilities	48,656	41,644	28,562
Net assets	68,183	66,317	62,838

For the year ended 31 December 2016 and the three months ended 31 March 2017, the Company has received approximately RMB1.9 million and RMB2.3 million management fee from Yongji Minsheng. It is the Company's current intention that the aforementioned management fee will not be charged after Completion. The net profits of Yongji Minsheng after adding back the management fee were approximately RMB5.4 million and RMB4.2 million for the year ended 31 December 2016 and the three months ended 31 March 2017, respectively.

Upon Completion, Top Grand, Jump Corp, Shenzhen Benyue, Shenzhen Benfu, Yuhai, Saiguangbo, Shanxi Minsheng and Yongji Minsheng will become non-wholly-owned subsidiaries of the Company. Accordingly, the financial results of Top Grand, Jump Corp, Shenzhen Benyue, Shenzhen Benfu, Yuhai, Saiguangbo, Shanxi Minsheng and Yongji Minsheng will be consolidated into the financial statements of the Group.

REASONS AND BENEFITS OF THE ACQUISITION

The Group is an integrated natural gas provider and distributor that offers innovative and diversified clean energy solution in the PRC. The Group focuses on the downstream natural gas distribution business which encompasses (i) construction and operation of compressed natural gas and liquefied natural gas refuelling stations for vehicles; and (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complexes and residential communities.

The Acquisition, if proceed, will enable the Group to expand its natural gas operations in the PRC and to diversify the income stream from a geographical perspective. It will benefit the Company and Shareholders as a whole, by (i) increasing the Group's revenue source; (ii) enlarging the Group's geographical footprint in Shanxi Province of the PRC, where the Company has not yet made any presence previously; (iii) capturing the incremental gas demand driven by the nationwide coal-to-gas conversion plan given Shanxi is a traditional heavy industry dominated province; and (iv) showcasing its city gas project penetration and execution capability which is critical for enhancing our shareholders' value.

In future, the Group will invest and develop the natural gas business proactively and expand its business layout by taking the "develop clean energy, improve customer value, and create a better Blue Sky" as its mission and adhering to the corporate values of "openness, innovation, cohesion, pragmatism, accountability, listening and inclusiveness".

As such, the Directors considered that the Acquisition is in line with the mission of the Group and shall benefit from the government's "coal-to-gas" policy which aims to improve the air pollution issue in the PRC. The Acquisition shall provide an excellent opportunity for the Group to extend its geographical coverage and enlarge its market share in relation to its natural gas business which encompasses (i) construction and operation of CNG and liquefied natural gas ("LNG") refueling stations for vehicles; (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complexes and residential communities; and (iii) distribution and trading of CNG and LNG. The Company can become an important player in the city gas sector, which can increase the revenue streams of the Group, thus enhancing its industrial competitive position and generating more investment value for investors and Shareholders.

The terms of the Acquisition Agreement were arrived at after arm's length negotiations between the Purchaser, the Vendor and the Guarantor. The payment of the Considerations will be funded by the internal resources of the Group. The Directors further considered the terms of the Acquisition Agreement and the Consideration are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition in aggregate are above 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will seek Shareholders' approval at the SGM by way of poll for the Acquisition Agreement and the transaction contemplated therein.

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A SGM will be convened for the Shareholders to consider and, if thought fit, approve, among other matters, the Acquisition and the transactions contemplated thereunder.

A circular, containing, among other things, further details of the Acquisition, accountants report(s) of the Target Group, pro forma financial information of the Group and the Target Group, the Valuation Report and other information required under the Listing Rules in respect of the Acquisition, the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 31 July 2017 as additional time is required for the preparation of the relevant information, including but not limited to the accountants' report of the Target Group, for inclusion in the circular.

As Completion is subject to the fulfillment of the respective conditions precedent set out in the Acquisition Agreement, the Acquisition 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 have the meanings set out below unless the context requires otherwise:

"Acquisition" the acquisition of the 100% of the equity interest of Top Grand from the Vendor pursuant to the terms and conditions of the Acquisition Agreement

“Acquisition Agreement”	the conditional sale and purchase agreement dated 8 June 2017, including its amendments or replacement, entered into among the Purchaser, the Vendor and the Guarantor in relation to the Acquisition
“Board”	the board of Directors of the Company
“Business Days”	a day (other than Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licenced banks are generally open for general banking business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Beijing Gas Blue Sky Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are 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)
“Completion”	completion of the Acquisition
“Condition(s)”	the condition(s) precedent of the Completion, details of which are set out in the paragraph headed “Conditions precedent of Acquisition” of this announcement
“Conditions Fulfilment Date”	31 August 2017, or such later date as the respective parties to the Acquisition Agreement may agree in writing
“Consideration”	the consideration of RMB349,860,000 (equivalent to approximately HK\$402,759,000) for the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Li Xiulin* (李秀林), a businesswoman and a citizen in the PRC, who is the ultimate beneficial owner of the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Jump Corp”	Jump Corporation Limited (奔躍有限公司) is a company incorporated in Hong Kong with limited liability, which is 100% directly held by Top Grand
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the non-legally binding memorandum of understanding dated 15 December 2016, which is supplemented by a supplemental memorandum of understanding dated 12 April 2017, entered into between the Purchaser and the Guarantor in relation to Acquisition
“MOU Announcements”	the announcements of the Company dated 15 December 2016 and 12 April 2017 in relation to the MOU
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Goldlink Capital Limited (金連投資有限公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Refundable Earnest Money”	the refundable earnest money of RMB250,000,000 paid by the Purchaser in cash to the Guarantor or its nominee pursuant to the MOU
“RMB”	Renminbi, the lawful currency of the PRC
“Saiguangbo”	Chongqing Saiguangbo Technology Company Limited* (重慶賽廣博科技有限公司), a company established in the PRC with limited liability, which is directly held by Yuhai and an Independent Third Party as to 51% and 49%, respectively
“Saiguangbo’s Value”	the valued amount of the entire equity interest in Saiguangbo, which includes its two wholly-owned subsidiaries, namely Yongji Minsheng and Shanxi Minsheng, pursuant to the Valuation Report
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the transaction contemplated thereunder;
“Shanxi Minsheng”	Shanxi Minsheng Natural Gas Co., Ltd.* (山西民生天然氣有限公司), a company established in the PRC with limited liability, which is wholly owned by Saiguangbo
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.055 each in the share capital of the Company
“Shenzhen Benfu”	Shenzhen Benfu Energy Company Limited* (深圳奔富能源有限公司), a company established in the PRC with limited liability, which is wholly owned by Shenzhen Benyue
“Shenzhen Benyue”	Shenzhen Benyue Energy Company Limited * (深圳奔躍能源有限公司), a company established in the PRC with limited liability, which is wholly owned by Jump Corp
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Group”	Top Grand and its subsidiaries, namely, Jump Corp, Shenzhen Benyue, Shenzhen Benfu, Yuhai, Saiguangbo, Shanxi Minsheng and Yongji Minsheng
“Top Grand”	Top Grand Global Limited (領宏環球有限公司) is a company incorporated in the BVI with limited liability, which is 100% directly held by the Vendor
“Valuation Report”	the valuation report to be issued by the independent valuer appointed by the Purchaser in respect of Saiguangbo’s Value
“Vendor”	Sea Pioneer Limited, a company incorporated in the BVI with limited liability, which is 100% directly held by Li Xiulin* (李秀林), a citizen of PRC
“Yongji Minsheng”	Yongji Minsheng Natural Gas Co., Ltd.* (永濟市民生天然氣有限公司), a company established in the PRC with limited liability, which is wholly owned by Saiguangbo
“Yuhai”	Shenzhen Yuhai Energy Company Limited* (深圳市裕海能源有限公司), a company established in the PRC with limited liability, which is wholly owned by Shenzhen Benfu
“%”	per cent.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

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

Hong Kong, 8 June 2017

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.1512. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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.

* For identification purpose only