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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)

(1) MAJOR AND CONNECTED TRANSACTION
(2) ISSUE OF CONSIDERATION SHARES
AND
(3) APPLICATION FOR WHITEWASH WAIVER

THE ACQUISITION

The Board is pleased to announce that on 28 December 2017, the Company entered into the Acquisition Agreement with Beijing Gas HK (an indirect wholly-owned subsidiary of Beijing Gas Group) and Beijing Gas Group, pursuant to which the Company has conditionally agreed to acquire, and Beijing Gas HK has conditionally agreed to sell, all of the issued share capital of the Target Company. Beijing Gas Group and Beijing Gas HK have agreed to take joint and several liabilities for the performance of their respective obligations under the Acquisition Agreement.

The Consideration for the Acquisition is RMB1,008,000,000 (equivalent to approximately HK$1,203,854,400), which shall be satisfied by the issuance by the Company of 2,407,708,800 Consideration Shares at the Issue Price of HK$0.50 per Consideration Share to Beijing Gas HK or its designated wholly-owned subsidiary. The Consideration Shares will be issued under a specific mandate to be sought at the SGM. Immediately upon Completion, the Company will hold 100% of the issued share capital of the Target Company.

REASONS FOR AND SYNERGIES OF THE ACQUISITION

The Group expects that the Acquisition would promote the Group's strategic development of the entire business chain of liquefied natural gas, create synergies among the Group's different business segments and enhance the Group's competitiveness and overall profitability. PetroChina Jingtang (Caofeidian liquefied natural gas receiving terminal) not only safeguards the supply of natural gas in Beijing, but also plays a crucial role in further promoting the "coal-to-gas" reform in Beijing-Tianjin-Hebei region, optimizing the comprehensive use of natural gas, and providing more adequate and reliable natural gas supply. The Group also follows the "coal-to-gas" policy to continue strengthen its business layout, and will leverage upon PetroChina Jingtang to further meet the market demand for natural gas in the Beijing-Tianjin-Hebei region, so as to realise synergies and full potential of the Group's entire industry value chain of liquefied natural gas.

Based on the unaudited accounts of PetroChina Jingtang prepared in accordance with International Financial Reporting Standards, it recorded a net profit of approximately RMB436.72 million for the nine months ended 30 September 2017 and a net profit of approximately RMB168.95 million for 2016. PetroChina Jingtang gasified approximately 2.86 billion cubic meters of natural gas during the nine months ended 30 September 2017 and approximately 2.49 billion cubic meters of natural gas in 2016.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Beijing Gas HK owns 2,644,444,443 Shares, representing approximately 26.87% of the issued share capital of the Company. Accordingly, Beijing Gas HK is a substantial shareholder and hence, a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 25% but all the applicable percentage ratios are less than 100%, the Acquisition also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Beijing Gas HK and parties acting in concert with it own approximately 26.87% of the issued share capital of the Company. Immediately upon Completion, Beijing Gas HK and parties acting in concert with it will hold 5,052,153,243 Shares, representing approximately 41.24% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares, without taking into account (i) the issuance of the Teng County Consideration Shares; and (ii) conversion of the Convertible Bonds.

As Beijing Gas HK and parties acting in concert with it would own more than 30% voting rights of the Company upon Completion, under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted, Beijing Gas HK would be required to make a general offer to the Shareholders to acquire all the Shares other than those held or agreed to be acquired by Beijing Gas HK.

Beijing Gas HK and parties acting in concert with it would own approximately 44.10% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares, the Teng County Consideration Shares and Shares issued upon full conversion of the 2016 CBs (assuming no conversion of the other Convertible Bonds).

Therefore, Beijing Gas HK will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of (i) the issuance of the Consideration Shares; (ii) the issuance of the Teng County Consideration Shares; and (iii) the full conversion of the 2016 CBs. The Whitewash Waiver, if granted by the Executive, would be subject to approval by the Independent Shareholders by way of poll at the SGM. The Whitewash Waiver is a condition precedent to Completion, which shall not be waived by any party to the Acquisition Agreement. The Executive may or may not grant the Whitewash Waiver and in the event that it is not granted, the Acquisition Agreement shall lapse and the Acquisition will not proceed.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee of the Company comprising Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing and Mr. Pang Siu Yin, being all the independent non-executive Directors, who have no direct or indirect interest in the Acquisition, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver, has been formed to advise the Independent Shareholders in relation to the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver. The Company's non-executive Director, Mr. Zhi Xiaoye who is currently a vice president of Beijing Enterprises Holdings Limited, which indirectly wholly owns Beijing Gas Group and Beijing Gas HK, and a director and general manager of Beijing Gas Group, is not a member of the Independent Board Committee.

The Company will, with the approval of the Independent Board Committee, appoint an independent financial adviser in accordance with the requirements under the Listing Rules and the Takeovers Code to advise the Independent Board Committee and the Independent Shareholders on the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver. A further announcement will be made by the Company as soon as possible once the independent financial adviser is appointed.

SGM

The SGM will be convened to consider and, if thought fit, approve the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver. Beijing Gas HK and parties acting in concert with it and any other Shareholder (including Mr. Cheng Ming Kit and Grand Powerful Group Limited) who is involved or interested in the Acquisition, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver shall abstain from voting on the resolutions to be proposed at the SGM for approving the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver; and (iv) the notice of the SGM and form of proxy, will be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, INCLUDING BUT NOT LIMITED TO THE GRANT OF THE WHITEWASH WAIVER BY THE EXECUTIVE, AND THEREFORE THE ACQUISITION MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

THE ACQUISITION

Reference is made to the announcement of the Company dated 3 November 2017 in respect of the MOU.

The Board is pleased to announce that on 28 December 2017, the Company entered into the Acquisition Agreement with Beijing Gas HK (an indirect wholly-owned subsidiary of Beijing Gas Group) and Beijing Gas Group, pursuant to which the Company has conditionally agreed to acquire, and Beijing Gas HK has conditionally agreed to sell, all of the issued share capital of the Target Company.

Details of the Acquisition Agreement are set out below:

The Acquisition Agreement

Date

28 December 2017

Parties

(1) the Company (as purchaser);

(2) Beijing Gas HK (as seller); and

(3) Beijing Gas Group (which takes joint and several liabilities for Beijing Gas HK's performance of its obligations under the Acquisition Agreement).

As at the date of this announcement, Beijing Gas HK owns 2,644,444,443 Shares, representing approximately 26.87% of the issued share capital of the Company. Accordingly, Beijing Gas HK is a connected person of the Company.

The Acquisition

The Company has conditionally agreed to acquire, and Beijing Gas HK has conditionally agreed to sell, all of the issued share capital of the Target Company, subject to the terms and conditions of the Acquisition Agreement.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of Beijing Gas HK and it indirectly owns 29% equity interest in PetroChina Jingtang. PetroChina Jingtang is a limited liability company incorporated in 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, and receiving, storage and re-gasification of liquefied natural gas. Immediately upon Completion, the Target Company will be wholly owned by the Company.

Consideration

The Consideration for the Acquisition is RMB1,008,000,000 (equivalent to approximately HK$1,203,854,400), which shall be satisfied by the issuance by the Company of 2,407,708,800 Consideration Shares at the Issue Price of HK$0.50 per Consideration Share to Beijing Gas HK or its designated wholly-owned subsidiary at Completion. The Consideration Shares will rank equally among themselves and *pari passu* in all respects with all the other Shares in issue on the date of the issuance of the Consideration Shares.

The Consideration Shares represent:

(i) approximately 24.46% of the issued share capital of the Company as at the date of this announcement; and

(ii) approximately 19.65% of the issued share capital as enlarged by the issuance of the Consideration Shares, without taking into account (a) the issuance of the Teng County Consideration Shares; and (b) the conversion of the Convertible Bonds.

For further details on the effect of the Acquisition on the shareholding structure of the Company, please refer to the section headed "Effect on the Shareholding Structure of the Company" below.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange.

Issue Price

The Issue Price represents:

(a) the closing price of HK$0.50 per Share as quoted on the Stock Exchange on the trading day immediately prior to the date of this announcement;

(b) a discount of approximately 1.96% over the closing price of HK$0.51 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 4.94% over the average closing price of the Shares of approximately HK$0.526 for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(d) a discount of approximately 4.76% over the average closing price of the Shares of approximately HK$0.525 for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(e) a discount of approximately 3.29% over the average closing price of the Shares of approximately HK$0.517 for the last 30 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and

(f) a premium of approximately 47.06% to the net asset value attributable to the Shareholders of approximately HK$0.34 per Share, calculated based on the Group's unaudited net asset of HK$3,339,580,000 as at 30 June 2017 and 9,842,945,694 Shares in issue as at the date of this announcement.

The Issue Price was determined after arm's length negotiation between the Company, Beijing Gas HK and Beijing Gas Group by reference to the prevailing market prices of the Shares, the recent fluctuations in the price of the Shares and the recent market conditions. The Directors (other than the members of the Independent Board Committee whose views will be contained in a circular after taking into account the advice from an independent financial adviser) consider that the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Basis of the Consideration

The Consideration for the Acquisition was determined after arm's length negotiations between the Company, Beijing Gas HK and Beijing Gas Group with reference to the financial conditions of the Target Group (and in particular, the unaudited consolidated total equity attributable to the owners of PetroChina Jingtang as of 30 September 2017, being approximately RMB3,429.2 million) and the recent market conditions.

Conditions Precedent

Completion is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent on or before 30 June 2018 (or a later date as agreed in writing by the parties to the Acquisition Agreement):

(a) the approval of Independent Shareholders at the SGM by way of poll to the Acquisition Agreement and the transactions contemplated thereunder, including without limitation to:

  (i) the Acquisition;

  (ii) the Specific Mandate in relation to the issuance of the Consideration Shares; and

  (iii) the Whitewash Waiver;

(b) subject to the Company's decision at its sole discretion, the existing director(s) of the Target Group, who were nominated or appointed by Beijing Gas HK, having resigned with effect from Completion;

(c) subject to the Company's decision at its sole discretion, Beijing Gas HK having procured that the candidates of directors nominated by the Company are appointed to be directors of relevant members of the Target Group;

(d) the Company having received an opinion issued by the PRC legal advisers of Beijing Gas HK in respect of matters related to the Target Group;

(e) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the creditors and Shareholders or (if applicable) any relevant governmental or regulatory authorities in Bermuda for the entering into or the implementation or completion of the transactions contemplated under the Acquisition Agreement by the Company having been obtained and not having been revoked or withdrawn before Completion;

(f) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the creditors and shareholders of Beijing Gas HK and Beijing Gas Group or any third parties or (if applicable) any governmental or regulatory authorities of the PRC or other jurisdictions in respect of the sale of the Target Company having been obtained by Beijing Gas HK and Beijing Gas Group and not having been revoked or withdrawn before Completion;

(g) the Listing Committee having granted (either unconditionally or subject only to conventional conditions) the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange and such permission not subsequently being revoked or withdrawn;

(h) the Whitewash Waiver having been granted by the Executive to Beijing Gas HK and such waiver remaining valid;

(i) no material adverse change having occurred to the business, operations and financial performance of the Target Group on the Completion Date;

(j) no material adverse change having occurred to the business, operations and financial performance of the Group on the Completion Date;

(k) the representations and warranties given by Beijing Gas HK and Beijing Gas Group in the Acquisition Agreement remaining true, accurate and not misleading in all material aspects at Completion;

(l) the representations and warranties given by the Company in the Acquisition Agreement remaining true, accurate and not misleading in all material aspects at the Completion Date;

(m) Beijing Gas HK and Beijing Gas Group having performed or complied with, in all material respects, all of their respective undertakings and obligations required to be performed under the Acquisition Agreement prior to Completion;

(n) the Company having performed or complied with, in all material respects, all of its undertakings and obligations required to be performed under the Acquisition Agreement prior to Completion;

(o) no laws, regulations, rules or orders from any relevant governmental or regulatory authorities preventing Completion; and

(p) no outstanding debt owed by any member of the Target Group (except PetroChina Jingtang) to Beijing Gas HK or Beijing Gas Group or any third party that is not a member of the Target Group, on the Completion Date.

The conditions precedent set out in paragraphs (b), (c), (d), (i), (k), (m) and (p) above may be waived by the Company by serving a written notice to Beijing Gas HK and Beijing Gas Group. The conditions precedent set out in paragraphs (j), (l) and (n) above may be waived by Beijing Gas HK and Beijing Gas Group by serving a written notice to the Company. None of the other conditions precedent set out above may be waived by any party to the Acquisition Agreement.

As at the date of this announcement, (i) except those specifically set out in the conditions precedent above, no other consents and approvals required have been identified so far; and (ii) none of the conditions precedent above has been satisfied or waived.

Completion

Completion would take place on a date to be agreed by the parties in writing after the last condition precedent having been fulfilled (or, if applicable, waived).

REASONS FOR AND SYNERGIES OF THE ACQUISITION

The Group expects that the Acquisition would promote the Group's strategic development of the entire business chain of liquefied natural gas, create synergies among the Group's different business segments and enhance the Group's competitiveness and overall profitability. The liquefied natural gas receiving terminal of PetroChina Jingtang, located in Caofeidian Industrial Zone, Tangshan City, Hebei Province, is an important natural gas supply facility in North China. This receiving terminal consists of port project, receiving terminal project (with a planned handling capacity of 10 million tons per year) and outstation pipelines, with a land area of approximately 48 hectares and sea area of approximately 135 hectares. Imported liquefied natural gas is gasified by the receiving terminal and transmitted to the Yong Tang Qin pipeline, and then to Shaanxi-Beijing second line pipe network in the west and Northeast pipe network in the east. The receiving terminal is an important supporting facility for the natural gas pipe network in Beijing, Tianjin and North China. In addition, PetroChina Jingtang also supplies liquefied natural gas to its surrounding areas such as Tangshan, Chengde, Tianjin and Qinhuangdao via various distributors. PetroChina Jingtang (Caofeidian liquefied natural gas receiving terminal) not only safeguards the supply of natural gas in Beijing, but also plays a crucial role in further promoting the "coal-to-gas" reform in Beijing-Tianjin-Hebei region,

optimizing the comprehensive use of natural gas, and providing more adequate and reliable natural gas supply. The Group also follows the "coal-to-gas" policy to continue strengthen its business layout, and would leverage upon PetroChina Jingtang to further meet the market demand for natural gas in the Beijing-Tianjin-Hebei region, so as to realise synergies and full potential of the Group's entire industry value chain of liquefied natural gas.

Based on the unaudited accounts of PetroChina Jingtang prepared in accordance with International Financial Reporting Standards, it recorded a net profit of approximately RMB436.72 million for the nine months ended 30 September 2017 and a net profit of approximately RMB168.95 million for 2016. PetroChina Jingtang gasified approximately 2.86 billion cubic meters of natural gas during the nine months ended 30 September 2017 and approximately 2.49 billion cubic meters of natural gas in 2016.

The Group would leverage on the Acquisition to fully develop its business chain of liquefied natural gas, including receiving terminal, logistics, distribution and end-market businesses such as point-to-point gas supply and distributed energy supply, and enhance the Group's position in the natural gas distribution industry. In the meantime, the Acquisition is in line with the national policy of the PRC to keep air pollution under control and to promote the use of natural gas as a clean energy source in urban life, business as well as transportation.

Considering the reasons for and benefits of the Acquisition to the Group, the Directors (other than the members of the Independent Board Committee whose views will be contained in a circular after taking into consideration the advice from an independent financial adviser) are of the view that the Acquisition is in the interest of the Company and the Shareholders as a whole. The Directors (other than the members of the Independent Board Committee) are also of the view that the terms of the Acquisition Agreement, including the Consideration, which were reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES AND THE TARGET GROUP

Information on the Company

The Company is a company incorporated in Bermuda with limited liability, and is principally engaged in (i) natural gas for transportation; (ii) trading and distribution of natural gas; and (iii) city gas and other related products, such as sale of natural gas to residential, industrial and commercial users through pipelines and pipeline connection fees.

Information on Beijing Gas HK and Beijing Gas Group

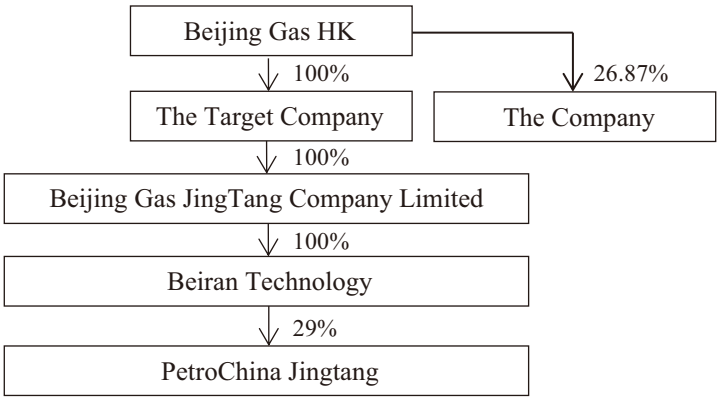
Beijing Gas HK is a company incorporated in Hong Kong with limited liability, whose principal activity is investment holding. Beijing Gas HK is indirectly wholly-owned by Beijing Gas Group.

Beijing Gas Group is a limited liability company incorporated in the PRC whose principal activities include natural gas production and distribution services.

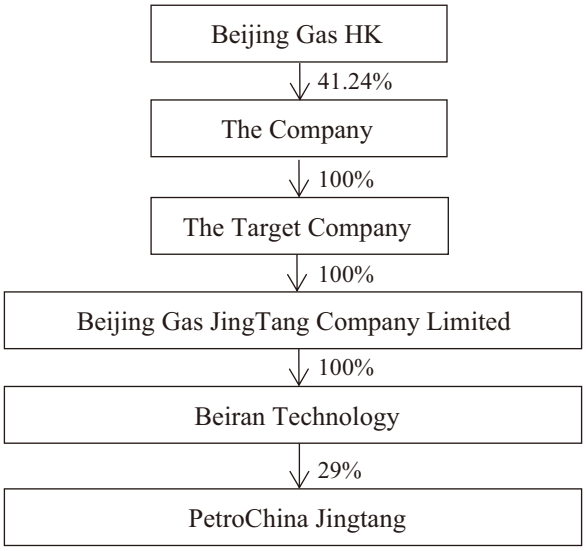
Information on the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement and immediately after Completion:

(i) As at the date of this announcement:



(ii) Immediately after Completion:



The Target Company is a limited liability company incorporated in BVI whose principal activity is investment holding. It is a wholly-owned subsidiary of Beijing Gas HK. The Target Group except PetroChina Jingtang does not have other business or hold other assets.

PetroChina Jingtang is incorporated with limited liability in Tangshan City, Hebei Province, the PRC and is owned by PetroChina Kunlun Gas Co., Ltd. (中石油昆侖燃氣有限公司), Beiran Technology and Hebei Natural Gas Co., Ltd.* (河北省天然氣有限責任公司) as to 51%, 29% and 20%, respectively. PetroChina Kunlun Gas Co., Ltd. (中石油昆侖燃氣有限公司) and Hebei Natural Gas Co., Ltd.* (河北省天然氣有限責任公司) are third parties independent of the Company and Beijing Gas HK. Beiran Technology's original investment cost for acquiring the 29% equity interest in PetroChina Jingtang is RMB965,972,900.

Upon Completion, the 29% equity interest in PetroChina Jingtang held by the Company would be treated as an investment in an associate and accounted for using the equity method of accounting. Under the equity method of accounting, the Company's share of the PetroChina Jingtang's results of operations would be included in the Company's consolidated income statement.

PetroChina Jingtang is principally engaged in provision of port facilities for vessels, provision of cargo handling services, warehousing and loading services within the port area, and receiving, storage and re-gasification of liquefied natural gas.

The following are the key financial results of PetroChina Jingtang prepared in accordance with International Financial Reporting Standards extracted from the unaudited financial statements:

	For the nine months ended 30 September 2017	**For the year ended 31 December**	
		2016	**2015**
	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	583,063	226,105	179,957
Profit after taxation	436,715	168,950	134,684
Net asset value	3,429,190	2,992,475	2,823,525

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information of 2015 and 2016 relating to PetroChina Jingtang in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to PetroChina Jingtang constitutes a profit forecast. As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to the above unaudited financial information relating to the Target Group. However, due to the practical difficulties in terms of the additional time required for the preparation of the reports by the Company's accountants, the disclosure of the above unaudited financial information relating to the Target Group does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the forecast in assessing the merits and demerits of the transaction. Full sets of the accountants' reports relating to PetroChina Jingtang for the three years ended 31 December 2016 and the nine months ended 30 September 2017, and other Target Group members for the period from their respective incorporation date to 30 September 2017 prepared under International Financial Reporting Standards, which will be in full compliance with the requirements of the Takeovers Code, will be included in the circular to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the financial information relating to the Target Group as presented in this announcement and the financial information to be presented in the circular to be issued by the Company to the Shareholders.

SPECIFIC MANDATE

The Company will issue 2,407,708,800 Consideration Shares for the Acquisition. The Consideration Shares will be issued under the Specific Mandate proposed to be granted by the Independent Shareholders at the SGM.

PREVIOUS ACQUISITION OF BEIJING GAS GROUP (TENG COUNTY) CO., LTD.

Reference is made to the announcement of the Company dated 6 January 2016 and the circular of the Company dated 29 February 2016, in relation to, among others, that the Company and Beijing Gas Group entered into a sale and purchase agreement, pursuant to which the Company agreed to acquire, and Beijing Gas Group agreed to sell, the 51% equity interest in Beijing Gas Group (Teng County) Co., Ltd.* (北京燃氣集團藤縣有限公司), at a total consideration of HK$152,000,000. Such consideration will be satisfied through the issuance of the Teng County Consideration Shares by the Company to Beijing Gas Group or its designated wholly-owned subsidiary. The completion under such sale and purchase agreement has not taken place and the Company has not yet issued the Teng County Consideration Shares.

PREVIOUS SUBSCRIPTION OF NEW SHARES AND CONVERTIBLE BONDS BY BEIJING GAS HK

Reference is made to the announcements of the Company dated 6 January 2016 and 11 May 2016, and the circular of the Company dated 29 February 2016, in relation to, among others, that the Company and Beijing Gas Group entered into a share subscription agreement, pursuant to which Beijing Gas Group agreed to, or procure its wholly-owned subsidiary to, conditionally subscribe 2,155,555,555 new Shares at the price of HK$0.45 per Share. On the same date, the Company and Beijing Gas Group entered into a conditional subscription agreement, pursuant to which Beijing Gas Group conditionally agreed to, or procure its wholly-owned subsidiary to, subscribe, and the Company agreed to issue, the 2016 CBs in an aggregate principal amount of HK$350,000,000. The initial conversion price for such convertible bond is HK$0.45 per Share. Accordingly, the Company issued 2,155,555,555 new Shares and the 2016 CBs with an aggregate principal amount of HK$350,000,000 to Beijing Gas HK on 11 May 2016.

On 30 December 2016, Beijing Gas HK converted a principal amount of HK$220,000,000 under the 2016 CBs, pursuant to which the Company issued 488,888,888 Shares to Beijing Gas HK. Accordingly, the outstanding principal amount of the 2016 CBs held by Beijing Gas HK as at the date of this announcement is HK$130,000,000.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will not be any change in the issued share capital of the Company from the date of this announcement up to Completion (other than changes as a result of the Acquisition), set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion but before the issuance of the Teng County Consideration Shares and conversion of the Convertible Bonds, including the

2016 CBs; (iii) immediately after Completion assuming the issuance of the Teng County Consideration Shares and full conversion of the 2016 CBs but before the conversion of the other Convertible Bonds; and (iv) immediately after Completion assuming the issuance of the Teng County Consideration Shares and full conversion of the Convertible Bonds, including the 2016 CBs:

Shareholders	Note	As at the date of this announcement		Immediately after Completion but before the issuance of the Teng County Consideration Shares and conversion of the Convertible Bonds, including the 2016 CBs		Immediately after Completion assuming the issuance of the Teng County Consideration Shares and full conversion of the 2016 CBs but before the conversion of the other Convertible Bonds		Immediately after Completion assuming the issuance of the Teng County Consideration Shares and full conversion of the Convertible Bonds, including the 2016 CBs	
		Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Substantial shareholder									
Beijing Gas HK and parties acting in concert with it	1	2,644,444,443	26.87	5,052,153,243	41.24	5,678,819,909	44.10	5,678,819,909	40.54
Other substantial shareholders									
Grand Powerful Group Limited	2	1,082,862,256	11.00	1,082,862,256	8.84	1,082,862,256	8.41	1,082,862,256	7.73
Cheng Ming Kit	2	132,645,040	1.35	132,645,040	1.08	132,645,040	1.03	132,645,040	0.95
Lee Tsz Hang	3	789,181,000	8.02	789,181,000	6.44	789,181,000	6.13	789,181,000	5.63
Other Directors									
Sze Chun Lee	4	111,800,000	1.14	111,800,000	0.91	111,800,000	0.87	111,800,000	0.80
Hu Xiaoming	5	2,640,000	0.03	2,640,000	0.02	2,640,000	0.02	2,640,000	0.02
Hung Tao	6	37,682,730	0.38	37,682,730	0.31	37,682,730	0.29	37,682,730	0.27
Public Shareholders									
Public Shareholders		5,041,690,225	51.22	5,041,690,225	41.16	5,041,690,225	39.15	5,041,690,225	35.99
Holders of other Convertible Bonds		–	–	–	–	–	–	1,130,478,854	8.07
Total		9,842,945,694	100	12,250,654,494	100	12,877,321,160	100	14,007,800,014	100

Notes:

1. Beijing Enterprises Group Company Limited indirectly controls Beijing Gas HK through Beijing Enterprises Holdings Limited and Beijing Gas Group and is deemed to be interested in 2,644,444,443 Shares. Beijing Gas HK is also the holder of the 2016 CBs 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 a vice president of Beijing Enterprises Holdings Limited and a director and general manager of Beijing Gas Group.

2. Mr. Cheng Ming Kit, an executive Director and co-chairman of the Company, holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 1,082,862,256 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit also personally holds 132,645,040 Shares and 9,962,690 share options. Further, Mr. Cheng Ming Kit shall purchase up to 163,750,000 Shares upon request from an option holder. Mr. Cheng Ming Kit and Grand Powerful Group Limited will abstain from voting in the SGM because Mr. Cheng Ming Kit was involved in the negotiation of the proposed transaction.

3. Mr. Lee Tsz Hang holds 100% interest in Win Ways Investment Limited and is deemed to be interested in 223,856,000 Shares held by Win Ways Investment Limited. Mr. Lee Tsz Hang personally holds 565,325,000 Shares.

4. Mr. Sze Chun Lee holds 43.75% interest in China Print Power Limited and is deemed to be interested in 110,000,000 Shares held by China Print Power Limited. Mr. Sze Chun Lee personally holds 1,800,000 Shares.

5. Mr. Hu Xiaoming personally holds 2,640,000 Shares and 10,000,000 share options.

6. Mr. Hung Tao personally holds 37,682,730 Shares and 6,000,000 share options.

The Company will ensure that it will comply with the requirements on public float under the Listing Rules from time to time.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Beijing Gas HK owns 2,644,444,443 Shares, representing approximately 26.87% of the issued share capital of the Company. Accordingly, Beijing Gas HK is a substantial shareholder and hence, a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 25% but all the applicable percentage ratios are less than 100%, the Acquisition also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Beijing Gas HK and parties acting in concert with it own approximately 26.87% of the issued share capital of the Company. Immediately upon Completion, Beijing Gas HK and parties acting in concert with it will hold 5,052,153,243 Shares, representing approximately 41.24% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares, without taking into account (i) the issuance of the Teng County Consideration Shares; and (ii) conversion of the Convertible Bonds.

As Beijing Gas HK and parties acting in concert with it would own more than 30% voting rights of the Company upon Completion, under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted, Beijing Gas HK would be required to make a general offer to the Shareholders to acquire all the Shares other than those held or agreed to be acquired by Beijing Gas HK.

Beijing Gas HK and parties acting in concert with it would own 44.10% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares, the Teng County Consideration Shares and Shares issued upon full conversion of the 2016 CBs (assuming no conversion of the other Convertible Bonds).

Therefore, Beijing Gas HK will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of (i) the issuance of the Consideration Shares; (ii) the issuance of the Teng County Consideration Shares; and (iii) the full conversion of the 2016 CBs. The Whitewash Waiver, if granted by the Executive, would be subject to approval by the Independent Shareholders by way of poll at the SGM. The Whitewash Waiver is a condition precedent to Completion, which shall not be waived by any party to the Acquisition Agreement. The Executive may or may not grant the Whitewash Waiver and in the event that it is not granted, the Acquisition Agreement shall lapse and the Acquisition will not proceed.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Company does not believe that any of the Acquisition, the issuance of the Teng County Consideration Shares or the conversion of the 2016 CBs would give rise to any concerns in relation to compliance with any applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in connection with the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if any of the Acquisition, the issuance of the Teng County Consideration Shares or the conversion of 2016 CBs does not comply with other applicable rules and regulations.

Beijing Gas HK has confirmed that as at the date of this announcement, neither it nor any person acting in concert with it:

(a) save for the Acquisition Agreement and the MOU, has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of the announcement in respect of the MOU dated 3 November 2017 and up to the date of this announcement;

(b) save for the 2016 CBs, owns or controls any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares or has entered into any outstanding derivative in respect of securities in the Company;

(c) save for the conditionally agreed issuance of the Teng County Consideration Shares and potential full conversion of the 2016 CBs, has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of Beijing Gas HK and which might be material to the transactions contemplated under the Acquisition Agreement and/or the Whitewash Waiver;

(d) has received any irrevocable commitment from any Shareholder as to whether they will vote for or against the resolution approving the Acquisition and/or the Whitewash Waiver to be proposed at the SGM;

(e) has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Acquisition Agreement or the Whitewash Waiver; and

(f) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing and Mr. Pang Siu Yin, being all the independent non-executive Directors, who have no direct or indirect interest in the Acquisition, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver, has been formed to advise the Independent Shareholders in relation to the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver. The Company's non-executive Director, Mr. Zhi Xiaoye who is currently a vice president of Beijing Enterprises Holdings Limited, which indirectly wholly owns Beijing Gas Group and Beijing Gas HK, and a director and general manager of Beijing Gas Group, is not a member of the Independent Board Committee.

The Company will, with the approval of the Independent Board Committee, appoint an independent financial adviser in accordance with the requirements under the Listing Rules and the Takeovers Code to advise the Independent Board Committee and the Independent Shareholders on the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver. A further announcement will be made by the Company as soon as possible after the independent financial adviser is appointed.

SGM

The SGM will be convened to consider and, if thought fit, approve the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver by way of a poll. Beijing Gas HK and parties acting in concert with it and any other Shareholder who is involved or interested in the Acquisition, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver (including Mr. Cheng Ming Kit and Grand Powerful Group Limited) shall abstain from voting on the resolutions to be proposed at the SGM for approving the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver; and (iv) the notice of the SGM and form of proxy, will be despatched to the Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

WARNING

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO A NUMBER OF CONDITIONS BEING SATISFIED, INCLUDING BUT NOT LIMITED TO THE GRANT OF THE WHITEWASH WAIVER BY THE EXECUTIVE, AND THEREFORE THE ACQUISITION MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

DEFINITIONS

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

"2016 CBs"	the outstanding convertible bonds held by Beijing Gas HK in an aggregate principal amount of HK$130,000,000 at the issue price of HK$0.45 per Share, which are convertible into 288,888,888 Shares, issued by the Company pursuant to a subscription agreement dated 5 January 2016 entered into between the Company and Beijing Gas Group. For details of the 2016 CBs, please refer to the Company's announcements dated 6 January 2016 and 11 May 2016, the Company's circular dated 29 February 2016 and the Company's next day disclosure return dated 30 December 2016
"Acquisition"	the acquisition of the 100% equity interest in the Target Company by the Company from Beijing Gas HK pursuant to the terms and conditions of the Acquisition Agreement

"Acquisition Agreement"	the sale and purchase agreement dated 28 December 2017 entered into between the Company, Beijing Gas HK and Beijing Gas Group in respect of the Acquisition
"Beijing Gas Group"	Beijing Gas Group Company Limited* (北京市燃氣集團有限責任公司), a company incorporated in the PRC with limited liability
"Beijing Gas HK"	Beijing Gas Company Limited (北京燃氣有限公司), a company incorporated in Hong Kong with limited liability and a connected person of the Company
"Beiran Technology"	Beijing Beiran Jingtang Gas Technology Co., Ltd.* (北京北燃京唐燃氣科技有限責任公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary by Beijing Gas HK as at the date of this announcement
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above or a "black" rain warning signal is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m. or public holiday in Hong Kong or the PRC) on which Hong Kong clearing banks are open for the transaction of normal banking business
"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 primarily listed on the Main Board of the Stock Exchange (Stock Code: 6828) and secondarily listed on the Singapore Exchange Securities Trading Limited (Stock Code: UQ7)
"Completion"	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	The date on which Completion occurs
"Consideration"	RMB1,008,000,000 (equivalent to approximately HK$1,203,854,400), being the consideration for the Acquisition

"Consideration Shares"	the 2,407,708,800 Shares to be issued by the Company for settlement of the Consideration
"Convertible Bonds"	outstanding convertible bonds (including but not limited to the 2016 CBs) issued by the Company to certain investors pursuant to the subscription agreements dated 13 August 2015, 30 November 2015, 4 December 2015, 5 January 2016, 16 December 2016, 13 April 2017 and 18 April 2017, respectively
"Director(s)"	director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Ma Arthur On-hing and Mr. Pang Siu Yin, being all the independent non-executive Directors who have no direct or indirect interest in the Acquisition, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than: (i) Beijing Gas HK and parties acting in concert with it; (ii) Mr. Cheng Ming Kit who was involved in the negotiation of the Acquisition, the issuance of the Teng County Consideration Shares and the conversion of the 2016 CBs and Grand Powerful Group Limited, which is wholly owned by Mr. Cheng Ming Kit; and (iii) all other Shareholders (if any) who are involved or interested in the Acquisition Agreement and the transactions contemplated thereunder, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and/or the Whitewash Waiver
"Issue Price"	HK$0.50 per Consideration Share
"Last Trading Day"	2 November 2017, being the last day on which the Shares were traded on the Stock Exchange prior to the date of the announcement in respect of the MOU

"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOU"	the memorandum of understanding dated 3 November 2017 in respect of the Acquisition
"PetroChina Jingtang"	PetroChina Jingtang LNG Co., Ltd.* (中石油京唐液化天然氣有限公司), a company incorporated in Tangshan City, Hebei Province, the PRC., and is owned by PetroChina Kunlun Gas Co., Ltd. (中石油昆侖燃氣有限公司), Beiran Technology and Hebei Natural Gas Co., Ltd.* (河北省天然氣有限責任公司) as to 51%, 29% and 20%, respectively, as at the date of this announcement
"PRC"	The People's Republic of China, which shall, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Acquisition Agreement, the Specific Mandate, the issuance of the Teng County Consideration Shares, the conversion of the 2016 CBs and the Whitewash Waiver
"Share(s)"	shares(s) of HK$0.055 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Shares
"Specific Mandate"	the specific mandate to be approved by the Independent Shareholders at the SGM for the issuance of the Consideration Shares under the Acquisition Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
"Target Company"	Beijing Gas JingTang Company Ltd., a company incorporated in the BVI with limited liability, which is wholly owned by Beijing Gas HK as at the date of this announcement

"Target Group"	the Target Company, its subsidiaries and PetroChina Jingtang
"Teng County Consideration Shares"	a total of 337,777,778 new Shares of the Company (at an issue price of HK$0.45 per Share) to be issued to Beijing Gas Group or its designated wholly-owned subsidiary under an acquisition agreement dated 5 January 2016 between the Company and Beijing Gas Group. For details of the Teng County Consideration Shares, please refer to the Company's announcement dated 6 January 2016 and the Company's circular dated 29 February 2016
"Whitewash Waiver"	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of Beijing Gas HK to make a mandatory general offer to acquire all the Shares and other securities of the Company not already owned or agreed to be acquired by Beijing Gas HK and its concert parties which would otherwise arise as a result of (i) the issuance of the Consideration Shares under the Acquisition Agreement; (ii) the issuance of the Teng County Consideration Shares; and (iii) the full conversion of the 2016 CBs
"%"	per cent.

In this announcement, unless the context otherwise requires, the terms "associate(s)", "connected person(s)", "connected transaction(s)", "percentage ratio(s)", "subsidiary(ies)"and "substantial shareholder(s)"shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

The English names of Chinese entities marked with "" are translations of their Chinese names and are included in this announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

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

Hong Kong, 28 December 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.

As at the date of this announcement, the directors of Beijing Gas HK are Ms. Li Yalan, Mr. Zhi Xiaoye and Mr. Zong Feng. The directors of Beijing Gas Group are Ms. Li Yalan, Mr. Jiang Xinhao, Mr. Zhi Xiaoye, Mr. Xiong Bin, Mr. Zong Feng, Mr. Xu Tong, Ms. Zhang Ying, Mr. Yin Yuguang, Mr. Du Shengli and Ms. Wang Yurong.

The directors of Beijing Gas HK and Beijing Gas Group jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (except for information in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company) 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 such statement contained in this announcement misleading.