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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)

(Stock Code : 6828)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

This announcement is made by Beijing Gas Blue Sky Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis for the purpose of keeping the shareholders and potential investors of the Company informed of the latest business development of the Group.

STRATEGIC COOPERATION AGREEMENT

The board of directors (the “**Board**”) of the Company is pleased to announce that on 4 July 2018 (after trading hours), the Company entered into a non-binding strategic cooperation agreement (the “**Strategic Cooperation Agreement**”) with Guizhou Branch of PetroChina KunLun Gas Co., Ltd.* (中石油昆侖燃氣有限公司貴州分公司, “**KunLun Guizhou**”) to create a strategic cooperation relationship between the parties.

Pursuant to the Strategic Cooperation Agreement, the parties have agreed, among other things, the following:

- (1) If the investment of sub-gas pipeline business of KunLun Guizhou is located in a place where the Company’s city gas business is involved, the project will be controlled by KunLun Guizhou and invested by the Company;
- (2) Both parties will jointly develop and invest in city gas projects, which will then be controlled by the Company and invested by Kunlun Guizhou;
- (3) For those city gas projects which have been mutually agreed by both parties, the Company may acquire the downstream city gas enterprise and thereafter obtain equity financing from KunLun Guizhou based on replacement cost approach; and

- (4) Both parties will jointly develop the liquefied petroleum gas (“**LPG**”) business in Guizhou Province, including but not limited to LPG trading business, LPG refueling retail business, merger and acquisition of LPG business, subject to specific negotiations between the parties on individual projects.

The Strategic Cooperation Agreement sets out the framework for the cooperation between the parties, which does not create any legal and binding obligations on the parties unless and until a separate definitive agreement has been entered into by the parties for each project.

INFORMATION OF THE PARTIES

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

KunLun Guizhou, an associate (as defined under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of Hainan China Petroleum Shennan Petroleum Technology Development Co., Ltd.* (海南中油深南石油技術開發有限公司) which is a substantial shareholder (as defined under the Listing Rules) of Haikou Xinyuan Natural Gas Technology Co., Ltd.* (海口鑫元天然氣技術股份有限公司, “**Haikou Xinyuan**”) and a wholly-owned subsidiary of KunLun Energy Company Limited (“**KunLun Energy**”). As KunLun Energy holds the entire equity interest of PetroChina KunLun Gas Co., Ltd.* (中石油昆侖燃氣有限公司, “**PetroChina KunLun**”), KunLun Guizhou is therefore a connected person of the Company under the Listing Rules at the subsidiary level.

As advised by KunLun Guizhou, KunLun Guizhou is a company incorporated in Guizhou Province, the People’s Republic of China (the “**PRC**”) and is principally engaged in sale and distribution of compressed natural gas and liquefied natural gas (“**LNG**”).

REASONS AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

The entering into the Strategic Cooperation Agreement between the Company and Kunlun Guizhou will bring in tremendous mutual benefits to both parties, leveraging respective advantage in the natural gas market of Guizhou.

KunLun Guizhou was established in April 2013 as the sole financing platform, investment vehicle and management platform for downstream natural gas business of natural gas segment of PetroChina KunLun in Guizhou Province. KunLun Guizhou is principally engaged in the development, project construction and operation of natural gas businesses for residential, commercial and industrial use in Guizhou Province.

The Company is committed to the development of full natural gas value-chain in China and the development of natural gas market in Guizhou Province, including mid-stream LNG/LPG trading and distribution segment and downstream segment for city gas, refueling stations and natural gas for commercial and industrial use.

With the implementation of air pollution prevention and “coal-to-gas” plans by the PRC government, the demand for natural gas has been increased rapidly in Guizhou Province. The Company and KunLun Guizhou will actively exploit the market potential in Guizhou Province and seize opportunities in providing long term and stable natural gas supply and service to residential, commercial and industrial users in Guizhou Province in order to optimize local energy mix, enhance the utilisation rate of natural gas and promote the gasification process in Guizhou Province. The entering into the Strategic Cooperation Agreement enables both parties to jointly invest and develop projects through existing sub-gas pipeline business and city gas business, including merger and acquisitions of downstream city gas projects based on replacement cost approach. The Company and Kunlun Guizhou will also actively explore the LPG market in Guizhou Province to enhance the Company’s market share in Guizhou Province, optimize the synergy benefits among various business segments, facilitate the strategic development of full natural gas value chain in Southwest region of the PRC and further strengthen the cooperative relationship between the Company and Kunlun Energy following the LNG supply agreement entered in May 2018.

LISTING RULES IMPLICATIONS

The entering into of the Strategic Cooperation Agreement by the Company does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules.

Should the Company enter into a separate definitive agreement with KunLun Guizhou, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

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

Hong Kong, 4 July 2018

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. 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*