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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 COOPERATION FRAMEWORK AGREEMENTS WITH CHINA SAM ENTERPRISE GROUP CO., LTD. AND CHANGCHUN SINOENERGY CORPORATION

The Company entered into Cooperation Agreements with China Sam and Sinoenergy Corp on 2 September 2019 respectively.

This cooperation is in line with national industry policy orientation on natural gas, and will improve the profitability and industry competitiveness of the LNG industry chain which the Company has deployed for the past three years. Meanwhile, it will alleviate the gas supply tension in the Yangtze River Delta and Pearl River Delta, two major core LNG consumption markets in China. The entering into of the agreements was based on the background of equity cooperation between China Sam and Sinoenergy Corp. In order to effectively facilitate the acquisition and merger process and trigger more synergies and effects of complementary advantages, China Sam introduced the Company to participate in the cooperation and made full use of the Company's operation experiences and industry chain resources in the LNG business. Thus, the three parties will leverage on their respective advantages, benefit mutually and cooperate, jointly developing the natural gas market. Sinoenergy Corp has two LNG receiving terminals. Jiangyin receiving terminal is located in the Yangtze River Delta economic belt and Chaozhou receiving terminal is located in the Pearl River Delta economic belt. The two receiving terminals are scheduled to put into operation at the end of 2020. Based on this cooperation, the Group will further tamp its whole LNG industry chain advantages, increase channels to acquire upstream gas sources and market competitiveness, utilize Sinoenergy Corp's Chaozhou and Jiangyin LNG receiving terminals to secure stable LNG supply at low cost, strengthen midstream distribution capability, and enlarge the size of downstream end users, thus boosting the upstream and downstream bargaining power and market share, improving the Group's business profitability and developing the cooperation space between the Company and Sinoenergy Corp in the Mainland and Hong Kong capital markets.

The board of directors of Beijing Gas Blue Sky Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that the Company entered into cooperation framework agreements (the “**Cooperation Agreements**”) with China Sam Enterprise Group Co., Ltd.* (中國森田企業集團有限公司) (“**China Sam**”) and Changchun Sinoenergy Corporation* (長春中天能源股份有限公司) (“**Sinoenergy Corp**”) on 2 September 2019 respectively.

DETAILS OF ENTERING INTO THE COOPERATION AGREEMENTS

Cooperation with China Sam

On 2 September 2019, the Company entered into a cooperation framework agreement with China Sam to establish a comprehensive strategic cooperation in terms of, among other things, (i) establishment of a close business relationship; (ii) exploration of the opportunities on the Belt and Road Initiative; (iii) establishment of fund for the merger and acquisition of companies in natural gas industry; (iv) utilisation of the Chaozhou and Jiangyin liquefied natural gas (“**LNG**”) receiving terminals invested by Sinoenergy Corp to secure low cost and stable supply of LNG; (v) collaboration on oil and gas exploration; and (vi) training and communication of staff.

Founded in 1985 and headquartered in Beijing, China Sam is a national high-tech enterprise. The businesses of China Sam and its subsidiaries cover energy, chemical, investment, international trade, film and security etc. Sam Investment Group Co., Ltd.* (森田投資集團有限公司), being a wholly-owned subsidiary of China Sam, is an investment platform of China Sam. Senyu Chemical Oil & Gas Co., Ltd.* (森宇化工油氣有限公司) is a subsidiary of Sam Investment Group Co., Ltd. In July 2019, Senyu Chemical Oil & Gas Co., Ltd. became the actual controller of Sinoenergy Corp.

Cooperation with Sinoenergy Corp

On 2 September 2019, the Company entered into a cooperation framework agreement with Sinoenergy Corp to establish a comprehensive strategic cooperation in terms of, among other things, (i) collaboration on energy project; (ii) establishment of a close business relationship in relation to logistic and trading of energy resource and LNG supply; (iii) collaboration on oil and gas exploration; and (iv) training and communication of staff.

Sinoenergy Corp is a company listed on the Shanghai Stock Exchange (Stock code: 600856) and is principally engaged in the production and sales of oil and natural gas, development, manufacture and sales of natural gas storage and transportation equipment, mergers and acquisitions, investment and operation of overseas oil and gas assets, and import distribution of overseas natural gas and crude oil related products. Sinoenergy Corp has two LNG receiving terminals. Jiangyin receiving terminal is located in Yangtze River Delta economic belt and Chaozhou receiving terminal is located in Pearl River Delta economic belt. The two receiving terminals are scheduled to put into operation at the end of 2020 and it is expected that their processing capacities each will increase to 2 million tons per year in 2025. In addition, Sinoenergy Corp owns several oil and gas fields in North America with a total of billions of barrels of geological reserves. In terms of natural gas production and sales, Sinoenergy Corp has about 20 gas stations in Hubei and Jiangsu with an annual sales volume of over 100 million cubic meters, and has about 40 LNG industry direct supply projects in Zhejiang and Jiangsu with an annual sales volume of over 600 million cubic meters. For the LNG plant in Wuhan, it is expected to have a daily output volume of approximately 500,000 cubic meters after putting into operation.

BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENTS

In the upstream gas source procurement

The Company successfully participated in the import and distribution of international LNG in 2018. By cooperating with CNOOC Limited (“CNOOC”), the Company imported a shipment of LNG of approximately 60,000 tons via CNOOC’s receiving terminals. Leveraging on the Company’s advantage of established whole LNG industry chain, the project gained good profit and was well received in the industry. Just seeing the Company’s experience in international gas source procurement and domestic trade distribution, China Sam and Sinoenergy Corp hope to maximize the development value of the LNG resources they have already owned. Through this cooperation, the Company will rely on a total of annual 4 million tons LNG loading and unloading capacities (under full capacity) of Sinoenergy Corp’s Jianguyin receiving terminal and Chaozhou receiving terminal in the Yangtze River Delta and the Pearl River Delta economic belts to take advantage of the international procurement resources and experience and gain greater bargaining power in international gas sources, so as to improve the pricing power and industrial influence in international procurement and domestic distribution.

In the midstream logistics channel

The Company itself has possessed the scheduling capability of more than 200 LNG tankers, which operate across Beijing-Tianjin-Hebei, Bohai Rim, the Yangtze River Delta and other regions. By cooperating with China Sam and Sinoenergy Corp, the Company plays a protective role in LNG shipment, logistics, distribution and external vehicle deployment for its LNG receiving terminals, which ensures that the imported gas sources are distributed downstream within the prescribed period while enhancing the operational efficiency of the Company’s logistics vehicles and improving the profitability of its logistics and wholesale trading business.

In downstream terminal distribution

The Company currently depends on multiple LNG project companies in the Yangtze River Delta and the Pearl River Delta regions, and has possessed various direct LNG supply projects for industrial end users. This cooperation will not only offer more guarantees for the winter gas supply of the Company’s terminal projects, but also help the Company to further improve its capability to develop more direct LNG supply projects with the enriching gas resource supply.

In supply chain finance

During the implementation process of this cooperation, there will be a big demand for working capital as the business scale expands. The Company will depend on its existing supply chain financing capability, continuously broaden the financial cooperation with financial institution supply chain, improve the Company’s supply chain financing capability as a core enterprise, and coordinate with more domestic LNG operators to establish supply chain financial platform and e-commerce platform, improving the pricing power and the say in domestic LNG industry while enhancing the Company’s profitability in supply chain finance.

This cooperation is in line with national industry policy orientation on natural gas, and will improve the profitability and industry competitiveness of the LNG industry chain which the Company has deployed for the past three years. Meanwhile, it will alleviate the gas supply tension in the Yangtze River Delta and Pearl River Delta, two major core LNG consumption markets in China. The entering into of the agreement was based on the background of equity cooperation between China Sam and Sinoenergy Corp. In order to effectively facilitate the acquisition and merger process and trigger more synergies and effects of complementary advantages, China Sam introduced the Company to participate in the cooperation and made full use of the Company's operation experiences and industry chain resources in the LNG business. Thus, the three parties will leverage on their respective advantages, benefit mutually and cooperate, jointly developing the natural gas market. Sinoenergy Corp has two LNG receiving terminals. Jiangyin receiving terminal is located in the Yangtze River Delta economic belt and Chaozhou receiving terminal is located in the Pearl River Delta economic belt. The two receiving terminals are scheduled to put into operation at the end of 2020. Based on this cooperation, the Group will further tump its whole LNG industry chain advantages, increase channels to acquire upstream gas sources and market competitiveness, utilize Sinoenergy Corp's Chaozhou and Jiangyin LNG receiving terminals to secure stable LNG supply at low cost, strengthen midstream distribution capability, and enlarge the size of downstream end users, thus boosting the upstream and downstream bargaining power and market share, improving the Group's business profitability and developing the cooperation space between the Company and Sinoenergy Corp in the Mainland and Hong Kong capital markets.

The board of directors of the Company would like to emphasize that as at the date of this announcement, the Company has not entered into any definitive legally-binding agreement in relation to the cooperation with Sinoenergy Corp and China Sam. As the cooperation contemplated under the Cooperation Agreements may or may not materialise, holders of securities of the Company and potential investors should exercise caution when dealing in the securities of the Company. If any definitive agreement is signed, the Company will make further announcement(s) on the proposed transactions as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 2 September 2019

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ming Kit, Mr. Hung Tao 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 reference purposes only, certain terms in Chinese have been translated into English in this announcement. In the event of any discrepancies between such terms in Chinese and their English translation, the Chinese version shall prevail.*