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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)**

### **CONNECTED TRANSACTION THE NEW FINANCE DOCUMENTS**

#### **BACKGROUND**

Reference is made to (i) the announcement issued by the Company dated 15 November 2022; and (ii) the circular of the Company dated 31 October 2022 in relation to, among others, the Previous Facility Agreement, pursuant to which Beijing Gas HK made available to the Company the Previous Facility, being a term loan facility in an aggregate amount of HK\$700,000,000. The Previous Facility was secured by approximately 20.92% of the issued shares of BGJTCL, a wholly-owned subsidiary of the Company, provided by Beijing Gas JingTang as collateral in favor of Beijing Gas HK.

#### **THE NEW FACILITY AND THE NEW FINANCE DOCUMENTS**

On 14 December 2023, the Company entered into the New Finance Documents with BGGCL, Beijing Gas HK and Beijing Gas JingTang, pursuant to which BGGCL agreed to provide the Company with the New Facility, being a term loan facility in an aggregate amount of HK\$700,000,000 equivalent of RMB, to be secured by approximately 20.92% of the issued shares of BGJTCL, a wholly-owned subsidiary of the Company, to be provided by Beijing Gas JingTang as collateral in favor of BGGCL.

#### **LISTING RULES IMPLICATIONS**

As at the date hereof, BGGCL was the Controlling Shareholder of the Company indirectly holding approximately 66.37% of the issued share capital of the Company and thus was a connected person of the Company under the Listing Rules. The New Finance Documents constitute a non-exempt connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee (comprising of all the independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the terms of the New Facility, the New Finance Documents and the transactions contemplated thereunder. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the terms of the New Finance Documents.

The SGM will be convened and held to consider and, if thought fit, to approve the New Facility, the New Finance Documents and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on New Facility and the New Finance Documents; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the SGM; and (v) other information as required by the Listing Rules, will be despatched to the Shareholders in accordance with the Listing Rules. As more time is required to collate the information required to be disclosed in the circular, the circular is expected to be despatched by the Company to the Shareholders on or before 17 January 2024.

## **BACKGROUND**

Reference is made to (i) the announcement issued by the Company dated 15 November 2022; and (ii) the circular of the Company dated 31 October 2022 in relation to, among others, the Previous Facility Agreement, pursuant to which Beijing Gas HK made available to the Company the Previous Facility, being a term loan facility in an aggregate amount of HK\$700,000,000. The Previous Facility was secured by approximately 20.92% of the issued shares of BGJTCL, a wholly-owned subsidiary of the Company, provided by Beijing Gas JingTang as collateral in favor of Beijing Gas HK.

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## **THE NEW FACILITY AND THE NEW FINANCE DOCUMENTS**

The key terms of the New Finance Documents are as follows:

Parties	:	(i) the Company, as the borrower; (ii) BGGCL; (iii) Beijing Gas HK; and (iv) Beijing Gas JingTang, as the mortgagor
Amount of loan facility	:	RMB637,448,000 (equivalent to HK\$700,000,000) <sup>Note</sup>
Maturity date	:	31 December 2025
Interest rate and payment of interest	:	2.27% per annum  All interest accrued shall be payable in arrears in full on the maturity date

Default interest	:	2% per annum higher than the rate which would have been payable on the overdue amount
Repayment	:	The Company shall repay the loan in full on the maturity date, unless in the event that the term loan facility made available to the Company pursuant to the Syndicated Facility Agreement is fully repaid before the maturity date (i.e. 31 December 2025) where the Company can opt to repay the loan in full early
Security	:	The New Facility shall be secured by approximately 20.92% of the issued shares of BGJTCL, a wholly-owned subsidiary of the Company, as collateral in favor of BGGCL (the “ <b>New Share Mortgage</b> ”)

*Note:* The amount of loan facility was calculated by reference to the middle rate of HKD to RMB published by the People’s Bank of China on the date of the New Finance Documents.

### **Conditions Precedent**

The New Finance Documents will be effective conditional upon the fulfillment or satisfaction of the following key conditions:

- (A) that in relation to the Syndicated Facility Agreement, the Company has obtained from the agent acting on the instructions of the majority lenders as defined in the Syndicated Facility Agreement, all the consent and/or waiver required under the Syndicated Facility Agreement for the Company, Beijing Gas JingTang, Beijing Gas HK and BGGCL to enter into the New Finance Documents (if applicable); and
- (B) that the Company and all related parties have obtained all internal, corporate and other relevant government regulatory approvals (including, without limitation, approvals from SAFE, the Stock Exchange, (where applicable) the SFC and from the Independent Shareholders at the SGM in respect of the New Finance Documents.

None of the condition precedent above can be waived. As at the date of this announcement, none of the conditions as set forth above had been satisfied.

### **Undertakings**

In connection with the provision of the New Facility by BGGCL to the Company, the Company undertakes to Beijing Gas HK and BGGCL that once it draws the loan under the New Facility, it will repay the loan principal of HK\$700 million under the Previous Facility in full with funds in Hong Kong dollars to be converted from the proceeds of the New Facility.

Once the Company repays the loan principal of HK\$700 million under the Previous Facility in full, the Company, Beijing Gas JingTang and Beijing Gas HK undertake to release and discharge each other from all of their respective liabilities and obligations under the Previous Facility Agreement (save for interest of such loan accrued up to the date of its full repayment) and the share mortgage of approximately 20.92% of the issued shares of BGJTCL provided by Beijing Gas JingTang in favour of Beijing Gas HK as collateral to the Previous Facility (the “**Previous Share Mortgage**”).

The Company will repay the interest accrued on the Previous Facility upon full repayment of the loan principal and other amount outstanding under the New Facility in accordance with the terms of the New Finance Documents. No interest will be accrued on the unpaid interest accrued on the Previous Facility up to the maturity date of the Previous Facility (i.e. 31 December 2025).

## **REASONS FOR AND BENEFITS OF THE NEW FACILITY**

In consideration of the high-interest rate environment, the Board entered into discussion with BGGCL and Beijing Gas HK regarding the New Facility and the New Finance Documents in order to control the finance cost of the Company and to improve the financial performance of the Company. For illustration purposes, based on a HIBOR (one-month) of 4.96%, the difference of the interest rates between the Previous Facility Agreement and the New Finance Documents is expected to be approximately 4.69% and the interest rate pursuant to the New Facility is expected to reduce the finance cost of the Company by approximately HK\$33 million per annum for the remaining term of the New Facility. Therefore, it is the Board's view that the interest rate pursuant to the New Facility is beneficial and in the interest to the Company and its shareholders as a whole.

Further, the security to be provided pursuant to the New Finance Documents is essentially the same as the Previous Facility and the Board is of the view that the change in lender and beneficiary of the security provided pursuant to the New Facility and the New Finance Documents would not have a material adverse impact to the Group as each of Beijing Gas HK and BGGCL is a wholly-owned subsidiary of Beijing Enterprises Holdings Limited, and there will be no change in ultimate beneficial ownership of the lender entity and the beneficiary of the security provided.

In addition, the Group's revenue is mainly denominated in RMB, and the Board considers that the denomination of the principal amount and interest payment of the New Facility would reduce the Group's exposure to fluctuations in the exchange rate between RMB and Hong Kong dollars. The Board also considers that it would better align with the operating needs and working capital structure of the Company.

Each of BGGCL and Beijing Gas HK has consented and confirmed to the Company that the entering into the New Facility and the New Finance Documents by the Company would not result in breach or non-compliance of any ongoing obligations and undertakings on the part of the Company in respect of the transactions contemplated under the Capital and Asset Injection Plan that would have any material adverse effect on the financial or business performance of the Group.

The Directors (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser, and other than Mr. Zhi Xiaoye and Mr. Shao Dan who have abstained from voting on the relevant board resolutions of the Company approving the New Finance Documents as referred to above) consider that the New Finance Documents is entered into in the ordinary and usual course of business of the Group on normal commercial terms and that the terms of the New Finance Documents are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Company**

The Company is a company incorporated in Bermuda with limited liability and principally engaged in investment holding. 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 LNG refueling stations for vehicles; and (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complex and residential communities.

## **BGGCL**

BGGCL is the Controlling Shareholder of the Company and is indirectly interested in approximately 66.37% of the issued share capital of the Company as at the date of this announcement. It was established in the PRC with limited liability and is principally engaged in supplying and selling piped natural gas and related businesses in Beijing. BGGCL is an indirect wholly owned subsidiary of Beijing Enterprises Holdings Limited, an integrated public utilities operator with principal activities focusing on gas, water and environment, solid waste treatment and beer business. Beijing Enterprises Holdings Limited is a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (stock code: 392) and controlled as to 62.41% by Beijing Enterprises Group Company Limited\* (北京控股集團有限公司), a limited liability company established in the PRC, which is in turn ultimately and beneficially owned as to 100% by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府). The remaining issued shares of Beijing Enterprises Holdings Limited are held by the public shareholders.

## **Beijing Gas HK**

Beijing Gas HK is a company incorporated in Hong Kong with limited liability, the Controlling Shareholder of the Company and is indirectly wholly-owned by BGGCL. Its principal business is investment holding.

## **LISTING RULES IMPLICATIONS**

As at the date hereof, BGGCL was the Controlling Shareholder of the Company indirectly holding approximately 66.37% of the issued share capital of the Company and thus was a connected person of the Company under the Listing Rules. The New Finance Documents constitute a non-exempt connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

No Director has a material interest in the Previous Facility, Previous Facility Agreement, New Facility and the New Finance Documents. However, as each of Mr. Zhi Xiaoye and Mr. Shao Dan holds senior management positions in Beijing Enterprises Holdings Limited, Beijing Gas Group and/or certain of their respective members, Mr. Zhi Xiaoye and Mr. Shao Dan have abstained from voting on the relevant Board resolution(s) in approving the New Facility and the New Finance Documents.

The Independent Board Committee (comprising of all the independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the terms of the New Facility, the New Finance Documents and the transactions contemplated thereunder. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the terms of the New Finance Documents.

The SGM will be convened and held to consider and, if thought fit, to approve the New Facility, the New Finance Documents and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on New Facility and the New Finance Documents; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the SGM; and (v) other information as required by the Listing Rules, will be despatched to the Shareholders in accordance with the Listing Rules. As more time is required to collate the information required to be disclosed in the circular, the circular is expected to be despatched by the Company to the Shareholders on or before 17 January 2024.

**The New Facility and the New Finance Documents will be subject to a number of conditions precedent as set out in this announcement, which may or may not be fulfilled. As the transactions contemplated under the New Facility and the New Finance Documents may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

## DEFINITIONS

“Beijing Gas Group”	BGGCL and its subsidiaries, and for the purpose of this announcement, excluding the Group
“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 is indirectly wholly-owned by BGGCL and a shareholder of the Company directly interested in approximately 66.37% of the Shares
“Beijing Gas JingTang”	Beijing Gas JingTang Company Ltd., a company incorporated in the British Virgin Islands with limited liability, and is wholly-owned by the Company
“BGJTCL”	Beijing Gas JingTang Company Limited* (北燃京唐有限公司), a company incorporated in Hong Kong with limited liability, and is wholly-owned by Beijing Gas JingTang and the Company
“BGGCL”	Beijing Gas Group Co., Ltd.* (北京市燃氣集團有限責任公司), a company established in the PRC with limited liability, and is wholly-owned by Beijing Enterprises Holdings Limited, which in turn is more than 30% ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality
“Capital and Asset Injection Plan”	has the meaning ascribed to it in the circular of the Company dated 31 October 2022
“Company”	Beijing Gas Blue Sky Holdings Limited (北京燃氣藍天控股有限公司), 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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Interbank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a Board committee comprising all independent non-executive Directors, namely Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen, established to make recommendation to the Independent Shareholders in relation to the New Finance Documents
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Finance Documents
“Independent Shareholders”	the Shareholders other than (i) Beijing Gas Group, Beijing Gas HK, Beijing Enterprises Holdings Limited and Beijing Enterprises Group Company Limited and any of their concert parties and associates, and (ii) the Shareholders who are involved in or interested in the New Finance Documents
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Facility”	the term loan facility in an aggregate amount of HK\$700,000,000 equivalent of RMB to be made available under the New Finance Documents
“New Facility Agreement”	the facility agreement dated 14 December 2023 entered into between the Company and BGGCL
“New Finance Documents”	in respect of the provision of the New Facility, (i) the prepayment deed dated 14 December 2023 entered into between the Company, Beijing Gas JingTang, BGGCL and Beijing Gas HK; (ii) the New Facility Agreement; and (iii) the deed of share mortgage dated 14 December 2023 entered into between Beijing Gas JingTang and BGGCL
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region of China
“Previous Facility”	the term loan facility in an aggregate amount of HK\$700,000,000 made available under the Previous Facility Agreement

“Previous Facility Agreement”	the facility agreement dated 26 September 2022 entered into between Beijing Gas HK and the Company in respect of the provision of the Previous Facility
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the New Facility and the New Finance Documents
“Share(s)”	the issued share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Syndicated Facility Agreement”	the facility agreement dated 17 October 2022 entered into between the Company and a group of banks in respect of a term loan facility in an aggregate amount of HK\$1,013,023,665
“%”	per cent.

By order of the Board  
**Beijing Gas Blue Sky Holdings Limited**  
**Zhi Xiaoye**  
*Chairman*

Hong Kong, 14 December 2023

*For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at a rate of HK\$1 = RMB0.91064. Such translation 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. Li Weiqi, Mr. Wu Haipeng, Mr. Li Xianning and Mr. Yeung Shek Hin; the non-executive Directors of the Company are Mr. Zhi Xiaoye and Mr. Shao Dan; and the independent non-executive Directors of the Company are Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen.*

\* For identification purpose only