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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 IN RELATION TO THE ASSETS TRANSFER AGREEMENT

BACKGROUND

On 26 April 2024, Beijing Beiran, an indirect wholly-owned subsidiary of the Company, entered into the Assets Transfer Agreement with Beijing Gas Energy, a direct wholly-owned subsidiary of the BGGCL, pursuant to which Beijing Gas Energy agreed to transfer to Beijing Beiran and Beijing Beiran agreed to acquire, the Target Assets at a consideration of RMB33,000,000 (equivalent to approximately HK\$36,443,954).

LISTING RULES IMPLICATIONS

BE Group is the controlling shareholder of the Company indirectly holding approximately 66.37% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. Beijing Gas Energy is a direct wholly-owned subsidiary of BGGCL, with BE Group being the controlling shareholder. Accordingly, the Assets Transfer constitutes a connected transaction under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Assets Transfer exceed 0.1% but are less than 5%, the Assets Transfer is only subject to the reporting and announcement requirements under the Listing Rules, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the Assets Transfer is conditional upon fulfilment or, if applicable, waiver of the conditions precedent set out in the Assets Transfer Agreement, the Assets Transfer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE ASSETS TRANSFER AGREEMENT

The principal terms of the Assets Transfer Agreement are as follows:

Date: 26 April 2024

Parties: (1) Beijing Gas Energy as the transferor
(2) Beijing Beiran as the transferee

Assets to be acquired: The Target Assets, including the ground source heat pump systems, air conditioning water systems, power transformation and distribution projects, pipes and valves, and other related assets required for the existing operation of the Beiqijia Business Park Energy Center Project.

As advised by Beijing Gas Energy, the original aggregate investment costs associated with the Target Assets incurred by Beijing Gas Energy is approximately RMB32,442,000.

Consideration: The Consideration is RMB33,000,000 (equivalent to approximately HK\$36,443,954). The Consideration was arrived at after arm's length negotiations between Beijing Beiran and Beijing Gas Energy with reference to the prevailing industry outlook, the nature of operations and current financial conditions of the Target Assets, the appraised value of the Target Assets as at the Valuation Benchmark Date of approximately RMB36,000,000 (equivalent to approximately HK\$39,757,040) (the "**Valuation**") according to the Asset Valuation Report. The valuer is an independent professional party engaged by the Company and it has the necessary qualifications to perform the Valuation and also has sufficient experience in carrying out similar valuations (the "**Valuer**"). The Valuation was prepared in accordance with the International Valuation Standards.

The summary of the Asset Valuation Report is as follow:

Valuation Benchmark Date	30 June 2023
Valuation methodology	Price-to-Earnings
Adopted multiple	10.04 times
The adjusted pro rata net profit of the Target Assets	Approximately RMB4.3 million
Estimated unadjusted valuation	Approximately RMB43.1 million
Less: Discount for lack of marketability (15.7%)	Approximately RMB6.8 million

Valuation	Approximately RMB36.3 million
Consideration	RMB33 million
Discount of the Consideration relative to the Valuation	Approximately 9.09%

Valuation methodology

In the Valuation, after comparing the common valuation methods including cost approach, income approach and market approach, the Valuer adopted the Guideline Publicly-traded Comparable Method of the market approach for the following reasons:

1. The cost approach could not fairly represent the value of the Target Assets as the Target Assets are unique, i.e. they were custom-built to meet the requirements of Beiqijia Business Park Energy Center Project, and the Target Assets could not be easily replaced or reproduced.
2. The income approach could not fairly represent the value of the Target Assets as income projection would generally take into account various management assumptions (e.g. synergy with existing and/or prospective management, financing structure and assumptions, capital expenditure, etc.). As the Assets Transfer comprises the Target Assets alone, the Valuer considered the adoption of the market approach is more appropriate compared to the income approach.
3. The market approach was adopted as it reflects the market participants' assessment on the economic utility of assets comparable to the Target Assets. The market approach is more objective as it would involve fewer management assumptions.
4. The Valuer, having identified a sufficient pool of 13 relevant Guideline Publicly-traded Comparable with sufficient and reliable financial information disclosed, is satisfied that the Guideline Publicly-traded Comparable Method of the market approach could be used to determine the value of the Target Assets.

Having considered that (i) the rationale of the Valuer in selecting market approach over cost approach and income approach as the primary valuation approach; (ii) the Valuation was prepared by the Valuer in accordance with the applicable requirements and standards; and (iii) the Valuer had considered the generally accepted business enterprise valuation approaches and the circumstances of the Target Assets before rejecting the use of cost approach and income approach, the Board is of the view that the adoption of market approach for the Valuation is fair and reasonable.

The Directors also agree with the Valuer that the market approach has the benefits of simplicity, clarity, speed and the need for fewer assumptions. It also introduces objectivity in application as publicly available inputs are used.

Market comparable

In the course of valuing the Target Assets pursuant to the Guideline Publicly-traded Comparable Method, the Valuer has taken into account, among others, the Price-to Earnings (“**P/E**”) ratio and the Enterprise Value-to-Sales (“**EV/S**”) ratio multiples and valuation adjustments for discount for lack of marketability.

P/E ratio is a widely used valuation multiple for valuing a company with reliable earning record based on valuations of companies with similar earnings, risk and growth potential. The Target Assets are well-established and well expected to generate stable earnings, the P/E ratio of similar companies can provide insights on how the market perceives the profitability and growth potential of business with similar nature.

Apart from P/E ratio, the Valuer has also studied the EV/S ratio, which is primarily used in scenario where a stable record on profit is not available but a stable or reliable record on revenue is available.

The Valuer has identified 13 comparable listed companies (“**Comparables**”) with references to the following selection criteria:

1. The companies were principally operating their business in PRC with not less than 50% of their respective revenue from energy generation and provision of district heating and/or cooling supply services;
2. The companies are listed on Shanghai/Shenzhen Stock Exchange or the Stock Exchange;

3. The companies have sufficient listings and operating histories; and
4. The financial information of the companies is available to the public.

The Comparables represented an exhaustive list based on the disclosed selection criteria, details of which are set out below:

Key inputs of the Valuation

Ticker	Company name	Description of the Comparables' energy generation, heating and/or cooling supply services business segment in the PRC	As at Valuation Benchmark Date	
			P/E (times) <i>Note 1</i>	EV/S (times) <i>Note 1</i>
605011.SH	Hangzhou Thermoelectricity Group Co Ltd	The company provides heat supply, electricity generation, power distribution, power transmission, and other services. Over 50% of the revenue of the company was attributable to the thermoelectric segment.	Excluded <i>Note 2</i>	4.42
600864.SH	Harbin Hatou Investment Co., Ltd	The company generates electric power and heat power that are supplied to Harbin local area. Over 50% of the revenue of the company was attributable to the thermoelectric segment.	Excluded <i>Note 3</i>	1.01
605162.SH	Zhejiang Xinzhonggang Thermal Power Co Ltd	The company produces and sells steam heating products and other products. Over 75% of the revenue of the company was attributable to the heating supply segment.	Excluded <i>Note 2</i>	4.48
002479.SZ	Zhejiang Fuchunjiang Environmental Thermoelectric Co Ltd	The company operates the business of solid waste power generation and thermal power generation. Approximately 50% of the revenue of the company was attributable to the heating supply segment.	15.53	1.47
605028.SH	Ningbo Shimao Energy Co Ltd	The company provides heat supply, electricity generation, power transmission, power system management, power network maintenance, and other services. Over 50% of the revenue of the company was attributable to the thermodynamic segment.	16.41	Excluded <i>Note 2</i>
001210.SZ	Kingfore Energy Group Co Ltd	The company provides district heating, heating network maintenance, power transmission, power system management, and other services. Over 75% of the revenue of the company was attributable to the heating operation segment.	23.64	2.03
002893.SZ	Beijing Jingneng Thermal Co Ltd	The company offers heat supply project investment, heat supply trusteeship operation, contract energy management, heat supply energy saving technology development, heat supply management consulting, and other services. Over 75% of the revenue of the company was attributable to the heating service segment.	Excluded <i>Note 2</i>	2.54

Ticker	Company name	Description of the Comparables' energy generation, heating and/or cooling supply services business segment in the PRC	As at Valuation Benchmark Date		
			P/E (times) <i>Note 1</i>	EV/S (times) <i>Note 1</i>	
600719.SH	Dalian Thermal Power Co Ltd	The company operates thermal electric stations in the city of Dalian. 100% of the revenue of the company was attributable to the thermal stations segment.	Excluded <i>Note 3</i>	4.66	
000692.SZ	Shenyang Huitian Thermal Power Co Ltd	The company operates in city centralized heat supply business and provides heating engineering services. Over 75% of the revenue of the company was attributable to the heat, gas and steam supply segment.	Excluded <i>Note 3</i>	2.08	
1853.HK	Jilin Province Chuncheng Heating Company Limited	The company supplies heat procured from local cogeneration plants and coal-fired boilers. Over 75% of the revenue of the company was attributable to the heat supply segment.	4.38	Excluded <i>Note 2</i>	
600167.SH	Luenmei Quantum Co Ltd	The company supplies heat and water throughout China. Over 75% of the revenue of the company was attributable to the clean energy thermal segment.	17.00	3.74	
000958.SZ	SPIC Industry-Finance Holdings Co Ltd	The company generates, transfers, and distributes electricity and heat. Over 75% of the revenue of the company was attributable to energy generation segment involving heat-electricity co-generation.	27.06	4.22	
579.HK	Beijing Jingneng Clean Energy Co., Limited	The company manages and operates natural gas-fired power plants, and generates and distributes electric power and heat energy. Over 50% of the revenue of the company was attributable to the gas-fire power and heat energy segment.	4.56	2.92	
			No. of valid Comparables	7	11
			Upper quartile (times)	20.32	4.32
			Mean (times)	15.51	3.05
			Lower quartile (times)	10.04	2.06

Notes:

1. The net profit and revenue figures of the Comparables for the audited financial year preceding the Valuation Benchmark Date were extracted from Bloomberg.
2. The P/E ratios of Hangzhou Thermoelectricity Group Co Ltd, Zhejiang Xinzhonggang Thermal Power Co Ltd and Beijing Jingneng Thermal Co Ltd as at the Valuation Benchmark Date were 68, 68 and 46 times, respectively. The EV/S ratio of Ningbo Shimao Energy Co Ltd as at the Valuation Benchmark Date was 6.83 times. The valuation multiple of these Comparables, being two standard deviations from the mean of the respective valuation multiples, were excluded as statistical outliers.
3. The Comparables recorded a net loss in the audited financial year preceding the Valuation Benchmark Date and were excluded.

As disclosed in above table of details of selected Comparables, they fulfilled the selection criteria of revenue from energy generation and provision of district heating and/or cooling supply services in the PRC.

Notwithstanding the transferor was subject to a preferential corporate income tax rate of 15% as at the Valuation Benchmark Date, the Valuer, in determining the net profit of the Target Assets, prudentially applied a standard corporate income tax rate of 25% to avoid the Target Assets being overvalued due to the preferential tax status of Beijing Gas Energy. Taking into account the above adjustment, the adjusted pro rata net profit of the Target Assets for the twelve months ended 30 June 2023 (i.e. the Valuation Benchmark Date) of approximately RMB4.3 million was adopted to compute the Valuation.

The Valuer, in arriving at the estimated unadjusted Valuation, selected a P/E multiple of 10.04 times (and an implied EV/S multiple of 2.67 times), being the lower quartile of the P/E multiples of the Comparables.

The Target Assets have a remaining operation period until 2036. While it is still uncertain if the Group can extend its operation period after 2036 by further capital expenditure to replenish the depreciated asset base, a prudent assumption has been taken to reflect its finite operation period against the perpetual business assumption of the Comparables. Hence, the lower quartile of P/E multiple, being 10.04 times, is prudently adopted by the Valuer, while the range of EV/S ratio served as a reasonableness check on conclusion formed from the P/E ratio.

The Directors are of the view that the Comparables identified by the Valuer was sufficient to determine the benchmark multiple. It was fair and reasonable to assess the value of the Target Assets with reference to the P/E multiples of the Comparables.

Discount for Lack of Marketability

The Valuer imposed a discount for lack of marketability (“**DLOM**”) on the valuation of the Target Assets, since there is a major difference between a privately-owned asset and those of its comparable public companies which is its lack of marketability. The Valuer has made reference to Stout Restricted Stock Study and adopted a 15.7% DLOM in the Valuation.

Based on the above and the adjusted pro rata net profit for the trailing 12-month (i.e. the 12 months ended 30 June 2023) of the Target Assets, the Valuer opines that the Valuation (i.e. the market value of the Target Assets as at the Valuation Benchmark Date) is approximately RMB36,000,000, representing a premium of approximately 9.09% to the Consideration.

General assumptions

The Valuer has made certain key assumptions in the Valuation, which, to the Directors' best information and knowledge, are consistent with market practice and information available to the Company, including but not limited to:

- the current political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions which prevail in the regions in which the Target Assets are being operated will have no material adverse change;
- competent management, key personnel and technical staff will be available to support the ongoing operation of the Target Assets;
- all relevant legal approvals, business certificates, trade permits have been procured, in place and in good standing prior to commencement of operations by the Target Assets under the normal course of business; and
- the information regarding the Target Assets provided is true and accurate.

Basis of Valuation and Consideration

The Directors consider the Valuation to be fair and reasonable, having taken into account (i) the remaining useful life of the Target Assets; (ii) the use of the lower quartile of the P/E multiple of the Comparables to value the Target Assets. The Directors further consider the discount of the Consideration to the Valuation provides further buffer to adjust for the finite nature of the Target Assets.

The Group intends to satisfy the Consideration by external financing and/or the internal resources of the Group.

Payment terms:

It is agreed that Beijing Beiran shall make payments of the Consideration according to the following schedule:

1. First payment (the “**1st Payment**”) shall be made (1) after the effective date of the Assets Transfer Agreement, (2) upon the fulfillment of the payment conditions precedent stipulated thereunder (“**Conditions for the 1st Payment**”) and (3) within five working days after Beijing Beiran's written confirmation that the Conditions for the 1st Payment have been fulfilled, upon which Beijing Beiran shall pay 50% of the Consideration to Beijing Gas Energy (i.e., a total of RMB16,500,000 inclusive of tax (equivalent to approximately HK\$18,221,977)).

2. Second payment (the “**2nd Payment**”) shall be made (1) after the delivery of the Target Assets, (2) upon the fulfillment of the payment conditions precedent stipulated thereunder (“**Conditions for the 2nd Payment**”) and (3) within five working days after Beijing Beiran’s written confirmation that the Conditions for the 2nd Payment have been fulfilled, or upon Beijing Beiran waives the relevant Conditions for the 2nd Payment in writing, and Beijing Beiran’s written confirmation that it can make payment of the Consideration, upon which Beijing Beiran shall pay the remaining 50% of the Consideration to Beijing Gas Energy (i.e., a total of RMB16,500,000 inclusive of tax (equivalent to approximately HK\$18,221,977)).

Conditions for the 1st Payment:

1. Each of Beijing Beiran and Beijing Gas Energy has completed the necessary decision-making procedures in respect of the Assets Transfer Agreement in accordance with the relevant laws and regulations and its articles of association.
2. Beijing Gas Energy has informed Beijing Ningke Real Estate Co. Limited* (北京寧科置業有限責任公司) (“**Beijing Ningke**”), China World Property & Hotel Management Co., Ltd.* (國貿物業酒店管理有限公司) and the users of the energy supply provided by Beijing Gas Energy for the Beiqijia Business Park Energy Center Project (北七家商務園能源中心項目) in writing regarding the Assets Transfer and the performance obligations of Beijing Beiran (or its delegate) in relation to the operation of the Target Assets.
3. Beijing Beiran has signed a letter of intent in respect of the entrusted operation of the Beiqijia Business Park Energy Center Project in compliance with the requirements of Beijing Beiran.

Conditions for the 2nd Payment: Upon completion of the 1st Payment, both parties have completed the completion items stipulated under the Assets Transfer Agreement and have signed all closing deliverables.

Completion:

Completion of the Assets Transfer shall occur on the date that the personnel of both parties have signed and confirmed the handover documents in connection with the Assets Transfer.

**Breach of the Assets
Transfer Agreement:**

After the Assets Transfer Agreement comes into effect, if either Beijing Gas Energy or Beijing Beiran proposes to terminate the Assets Transfer Agreement without reason, the terminating party shall pay a one-time penalty of 10% of the Consideration to the other party. If such penalty is insufficient to compensate for the losses caused to the other party, the breaching party shall be liable to make further compensations.

If Beijing Beiran fails to pay the Consideration within the time limit stipulated in the Assets Transfer Agreement, it shall pay damages for late payment to Beijing Gas Energy. Such damages will be calculated based on 1/10000 of the unpaid but payable Consideration for each day such payment being overdue. If the payment is 10 days overdue, Beijing Gas Energy has the right to terminate the Assets Transfer Agreement and request Beijing Beiran to bear all losses suffered by Beijing Gas Energy.

If either party violates its respective representations, warranties and undertakings under the Assets Transfer Agreement, or fails to perform its obligations under the Assets Transfer Agreement, resulting in the failure to achieve the purpose of the Assets Transfer Agreement, it will be deemed to have triggered the termination clause for breach of the Assets Transfer Agreement, and the non-default party has the right to terminate the Assets Transfer Agreement, and/or require the defaulting party to pay damages at 10% of the Consideration and to compensate the non-defaulting party for all losses suffered thereby (including direct losses, indirect losses and expenses related to claims and charges).

INFORMATION OF THE TARGET ASSETS

On 8 December 2014, Beijing Gas Energy and Beijing Ningke negotiated and signed the Investment and Cooperation Agreement with respect to the investment, construction, operation and management of the project in the Beiqijia Business Park. Pursuant to the Investment and Cooperation Agreement, Beijing Gas Energy has invested in the construction of the “Triple Supply Energy Center” (三聯供能源中心) in the Beiqijia Business Park and legally holds the relevant assets of the Beiqijia Business Park Energy Center Project. Upon completion of the Beiqijia Business Park Energy Center Project and up to 2036, Beijing Gas Energy would be entitled to provide energy supply services to residential and non-residential users of the Beiqijia Business Park Energy Center Project.

The Target Assets are assets subject to the Beiqijia Business Park Energy Center Project lawfully held by Beijing Gas Energy, which include the ground source heat pump systems, air conditioning water systems, power transformation and distribution projects, pipes and valves, and other related assets required for the existing operation of the Beiqijia Business Park Energy Center Project.

The transferor operates the Target Assets for the provision of cooling and heating services to occupants in the Beiqijia Business Park Energy Center Project. The Target Assets cover the systems responsible for the cooling and heating of over 131,000 square meters commercial area and 51,900 square meters residential area.

The financial information of the Target Assets for the two years ended 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023, respectively, is as follows:

	For the year ended 31 December 2021 (unaudited) RMB'000	For the year ended 31 December 2022 (unaudited) RMB'000	For the six months ended 30 June 2023 (unaudited) RMB'000
Revenue	14,408	12,870	7,195
Profit before taxation	5,543	4,933	3,259
Profit after taxation	4,711	4,193	2,770

The unaudited book value of the Target Assets as at 31 December 2022 was approximately RMB16,369,000. The unaudited book value of the Target Assets as at 30 June 2023 was approximately RMB15,847,000.

Upon completion of the Assets Transfer, the operating results of the Target Assets will be recorded in the financial results of Beijing Beiran, which in turn will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ASSETS TRANSFER

The Board believes that the Assets Transfer is consistent with the national dual carbon policy and the rapid development of renewable energy and comprehensive energy under the national energy development strategy, and will enable the Group to achieve balance and diversification of its investment in addition to traditional natural gas projects. Under the dual carbon policy environment, vigorously developing comprehensive energy and renewable energy, encouraging the construction of integrated energy projects with source-grid-load-storage integration and multi-energy complementation are the development trends of the country's modern energy system. In addition, the project is located in Beijing, the "Beijing Energy Development Plan for the 14th Five-Year Plan Period" states that the transformation of the energy system should be promoted, and the renewable energy substitution actions should be implemented. This shows that Assets Transfer is in line with macro policy directions.

The Board further considers that the Assets Transfer will not only provide support to the Group's business growth, but also enhance the Group's core competitiveness in the energy industry, create new growth poles for the Group's business, and contribute to greater investor confidence in the Company, which in turn may enhance its overall value in the long run. The Assets Transfer will provide the Group with high-quality assets, which can provide stable income and cash flow, and will also take a key step for the Company's future transformation and development.

The Directors (including the independent non-executive Directors) are of the view that the Assets Transfer is conducted in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Assets Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

Mr. Shao Dan, being a non-executive Director of the Board, is currently a director of Beijing Gas Fangshan Co., Ltd.* (北京燃氣房山有限責任公司), and Beijing Gas Group Dingan Co., Ltd.* (北京燃氣集團定安有限公司), which are subsidiaries of BGGCL, and serves on the supervisory board of China Oil and Gas Pipeline Network Corporation Northern China Natural Gas Pipeline Co., Ltd.* (國家管網集團華北天然氣管道有限公司), an affiliated company of BGGCL. By virtue of his role in the aforesaid entity, Mr. Shao Dan is considered to have material interests in the Assets Transfer Agreement and therefore had abstained from voting on the Board resolution(s) of the Company to approve the Assets Transfer Agreement and the transaction contemplated thereunder. Save as the aforementioned, no other Director has a material interest in the Assets Transfer and therefore is required to abstain from voting on the Board resolution(s) of the Company to approve any of the same.

INFORMATION OF THE PARTIES

The Company and the Group

The Company is an investment holding company and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 6828). The Group is principally engaged in (i) the distribution and sale of natural gas to residential, industrial and commercial consumers through pipelines, sale of gas-related equipment and the provision of pipeline construction services and related value-added services such as repair and maintenance services; (ii) the sale of LNG to industrial end users through direct supply facilities; (iii) the trading and distribution of CNG, LNG, fuel oil and other related oil byproducts as a wholesaler to industrial and commercial users; and (iv) the operating CNG and LNG refueling stations for vehicles. The Group's operations are based in the PRC and Hong Kong. The ultimate controlling shareholder is BE Group.

The transferee

Beijing Beiran is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Beijing Beiran is principally engaged in the operation of natural gas businesses.

The transferor

Beijing Gas Energy is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of BGGCL. Beijing Gas Energy is principally engaged in energy and infrastructure projects, and the development of energy-saving and environmentally friendly new energy technologies, project investment and management consulting. Beijing Gas Energy is a connected person of the Company under the Listing Rules as Beijing Gas Energy is a direct wholly-owned subsidiary of BGGCL which is a controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

BE Group is the controlling shareholder of the Company indirectly holding approximately 66.37% of the issued share capital of the Company and is therefore a connected person of the Company under the Listing Rules. Beijing Gas Energy is a direct wholly-owned subsidiary of BGGCL, with BE Group being the controlling shareholder. Accordingly, the Assets Transfer constitutes a connected transaction under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Assets Transfer exceed 0.1% but are less than 5%, the Assets Transfer is only subject to the reporting and announcement requirements under the Listing Rules, but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the Assets Transfer is conditional upon fulfilment or, if applicable, waiver of the conditions precedent set out in the Assets Transfer Agreement, the Assets Transfer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Asset Valuation Report”	the valuation report dated 29 March 2024 issued by the Valuer in relation to the valuation of the Target Assets as at the Valuation Benchmark Date in accordance with the relevant laws, regulations and valuation standards;
“Assets Transfer”	the transfer of the Target Assets from Beijing Gas Energy to Beijing Beiran as contemplated under the Assets Transfer Agreement;
“Assets Transfer Agreement”	the assets transfer agreement dated 26 April 2024 entered into between Beijing Beiran and Beijing Gas Energy in relation to the Assets Transfer, details of which are set out in the section headed “Principal terms of the Assets Transfer Agreement” of this announcement;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Beijing Beiran”	Beijing Beiran Energy Co., Ltd.* (北京北燃能源有限公司), a company established in the PRC with limited liability;

“Beijing Gas Energy”	Beijing Gas Energy Development Co., Ltd.* (北京燃氣能源發展有限公司), a company established in the PRC with limited liability and is directly wholly-owned by BGGCL;
“BE Group”	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 a controlling shareholder of 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 indirectly 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;
“Board”	the Board of the Directors of the Company;
“Company”	Beijing Gas Blue Sky Holdings Limited (stock code: 6828), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consideration”	the consideration of the Assets Transfer to be paid by Beijing Beiran to Beijing Gas Energy, being RMB33,000,000 (equivalent to approximately HK\$36,443,954);
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	Director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guideline Publicly-traded Comparable Method”	a relative valuation methodology that uses the prices of comparable public companies to value a private company;
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment and Cooperation Agreement”	the “Investment and Cooperation Agreement for the ‘Triple Supply Energy Center Project’ in Beiqijia Business Park” signed between Beijing Gas Energy and Beijing Ningke on 8 December 2014;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.055 each in the issued share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Target Assets”	the assets subject to the Beiqijia Business Park Energy Center Project as set forth in the Assets Transfer Agreement, which are held by Beijing Gas Energy, details of which are set out in the section headed “Information of the Target Assets” of this announcement;
“Valuation Benchmark Date”	30 June 2023; and
“%”	per cent.

By order of the Board
Beijing Gas Blue Sky Holdings Limited
Li Weiqi
Chairman

Hong Kong, 26 April 2024

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at a rate of HK\$1 = RMB0.9055. 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 are Mr. Li Weiqi, Mr. Wu Haipeng, Mr. Li Xianning and Mr. Yeung Shek Hin; the non-executive Director is Mr. Shao Dan; and the independent non-executive Directors are Mr. Cui Yulei, Ms. Hsu Wai Man Helen and Mr. Xu Jianwen.

* *For identification purpose only*