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Blue Sky Power Holdings Limited
藍天威力控股有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)
(Singapore Stock Code: UQ7)

DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF INTEREST IN BEIJING GAS GROUP (TENG COUNTY) CO., LTD.
AND
RESUMPTION OF TRADING

Reference is made to the Announcement regarding the Subscription of New Shares and Convertible Bond. The transactions contemplated under the Acquisition Agreement as set out in this announcement is not inter-conditional to the matters as stated in the Announcement regarding the Subscription of New Shares and Convertible Bond.

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 5 January 2016, the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of the Target Company at a total consideration of HK$152,000,000. The Consideration is to be satisfied by the issuance of the Consideration Shares under the Specific Mandate. The Consideration and the Issue Price per Consideration Share were determined on arm's length basis.

Upon the Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

SPECIFIC MANDATE

The Company will seek the approval for, among other things, the Specific Mandate from the Shareholders at the SGM to allot and issue the Consideration Shares. An application will also be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are above 5% but less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE SGM

For purpose of issuing the Consideration Shares, the SGM will be convened for the Shareholders to consider and, if thought fit, to approve, among other things, Specific Mandate.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting at the SGM in respect of the Specific Mandate.

A circular containing, amongst other things, (i) further information on the Specific Mandate; (ii) a notice of the SGM and a form of proxy will be dispatched to the Shareholders as soon as practicable. It is anticipated that the circular will be despatched to the Shareholders on or before 29 February 2016.

RESUMPTION OF TRADING

Trading in the Shares of the Company on the Stock Exchange was halted from 9:00 a.m. on 6 January 2016 at the request of the Company pending the release of this announcement by the Company and the Announcement regarding Subscription of New Shares and Convertible Bond. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares of the Company with effect from 9:00 a.m. on 7 January 2016.

As Completion is subject to the fulfillment of a number of conditions precedent, the Proposed Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the Announcement regarding Subscription of New Shares and Convertible Bond. The transactions contemplated under the Acquisition Agreement as set out in this announcement is not inter-conditional to the matters as stated in the Announcement regarding Subscription of New Shares and Convertible Bond.

The Board is pleased to announce that on 5 January 2016, the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of the Target Company at a total consideration of HK$152,000,000, which is to be settled in manner as set out below.

Set out below are the major terms of the Acquisition Agreement.

THE ACQUISITION AGREEMENT

Date: 5 January 2016 (after market close)

Parties:

(i) Purchaser: The Company

(ii) Vendor: Beijing Gas

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 100% of the issued share capital of the Target Company for the purpose of acquiring the 51% interest of the Project Company.

Basis of determination of the Consideration

Pursuant to the Acquisition Agreement, the Consideration shall be HK$152,000,000, which is to be satisfied by the issuance of the Consideration Shares (at the Issue Price of HK$0.45 per Share) under the Specific Mandate upon Completion.

The Issue Price of HK$0.45 per Consideration Share represents:

(i) a discount of approximately 11.76% to the closing price of HK$0.51 per Share as quoted on the Stock Exchange on 4 January 2016, being the Last Trading Day;

(ii) a discount of approximately 11.76% to the average of the closing prices of HK$0.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

(iii) a discount of approximately 13.29% to the average of the closing prices of HK$0.519 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day.

The Consideration and the Issue Price per Consideration Share were determined after arm's length negotiations between the Company and the Vendor, having regards to the prime opportunities for the Company to expand into the Guangxi market, in which the Company does not have any presence for the moment, the financial position and the prospects and potential of the business of the Target Group.

The number of Consideration Shares to be allotted and issued to the Vendor is calculated by dividing HK$152,000,000 with the Issue Price, rounded up to the nearest whole number. The Issue Price per Consideration Share is determined with reference to the prevailing market price of the Shares. The aggregate nominal value of the Consideration Shares is HK$18,577,777.79.

The Consideration Shares represent (i) approximately 5.54% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.25% of the enlarged issued share capital of the Company upon completion of the Acquisition Agreement.

The Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issuance, including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issuance.

Conditions precedent

Completion of the Acquisition Agreement is subject to the following Conditions being satisfied and/or waived by the Parties (as the case may be) on or before the Long Stop Date:

(a) All due diligence of the Target Group having been completed by the Company, and the outcome of the due diligence is to the reasonable satisfaction of the Company;

(b) The Restructuring having been completed;

(c) All necessary internal and external approvals, consents, filings and registrations on the part of the Vendor in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained by the Vendor;

(d) All necessary internal and external approvals, consents, filings and registrations on the part of the Company in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained by the Company;

(e) As at the date of the Acquisition Agreement and up to the Completion Date, the Vendor's and the Company's representation and warranties having remained true, accurate and complete, are not misleading and do not have any omission therein;

(f) Approval for the listing of, and permission to deal in, the Consideration Shares having been obtained from the Stock Exchange and such approval remains valid and effective;

(g) The transactions contemplated under the Acquisition Agreement (including the issuance and allotment of the Consideration Shares) and the Specific Mandate having been approved at the SGM and such approval and authorisation remains valid and effective;

(h) There having been no material adverse change on either party to the Acquisition Agreement up to the Completion Date; and

(i) There having no material breach of the Acquisition Agreement by either party to the Acquisition Agreement up to the Completion Date.

Completion

Subject to the fulfilment and/or waiver of the Conditions as described above, Completion shall take place on the Completion Date at the place as agreed by the Parties.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

Undertakings by the Vendor

From the date of the Acquisition Agreement to the Completion Date, unless prior written consent of the Company is obtained, the Vendor shall procure that the Target Group:

(a) shall not change the Target Group's principal business and shall procure the Target Group to carry on its principal business during the normal course of business;

(b) shall not change or amend the articles of association of any members of the Target Group, except from time to time in accordance with applicable laws;

(c) shall not announce, pay or make any dividend payments or other distributions;

(d) shall maintain the control (by over a majority) of the board of directors of the Project Company;

(e) shall not implement any mergers, acquisitions, restructuring, or sell all or substantially all of its assets, or agree, arrange or undertake to conduct the same (except the Restructuring);

(f) shall not set up joint ventures, new companies, or provide any loans, guarantees, mortgages or incur any other liabilities for third party(ies) (unless in the ordinary and usual course of business on normal commercial terms), or agree, arrange or undertake to conduct the same;

(g) shall not issue any equity securities (including but not limited to convertible bonds), or enter into any agreement, arrangement or undertaking to such effect.

Undertakings by the Company

From the date of the Acquisition Agreement to the Completion Date, unless prior written consent of the Vendor is obtained, the Company:

(a) shall not change the Group's principal business and shall procure the Group to carry on its principal business during the normal course of business;

(b) shall not change or amend its Memorandum and Bye-laws, except from time to time in accordance with applicable laws;

(c) shall not announce, pay or make any dividend payments or other distributions;

(d) shall not appoint any additional or replacement directors to the Board from the date of the Acquisition Agreement to the Completion Date, unless the appointment of additional or replacement directors shall be in compliance with the rules and regulations or the Listing Rules or nominated by the Vendor;

(e) shall not implement any mergers, acquisitions (except for the proposed acquisition of Zhejiang Bochen Energy Holding Co., Ltd. as disclosed in the Company's announcement dated 9 December 2015 and the proposed acquisition of Fox Smart Ltd. as disclosed in the Company's announcement dated 11 December 2015), restructuring, or sell all or substantially all of its assets, or agree, arrange or undertake to conduct the same;

(f) shall not set up joint ventures, new companies, or provide any loans, guarantees, mortgages or incur any other liabilities for third parties (unless in the ordinary and usual course of business on normal commercial terms), or agree, arrange or undertake to conduct the same;

(g) shall not issue any equity securities (including but not limited to convertible bonds), or enter into any agreement, arrangement or undertaking to such effect, other than the issue and allotment of the Convertible Shares to the Vendor as disclosed in this announcement, and (1) the convertible bonds to be issued for the major transaction as specified in the Company's circular dated 2 January 2015; (2) issue of convertible bonds to Templeton Strategic Emerging Markets Fund IV, LDC of HK$15 million as specified in the Company's announcement dated 30 November 2015; (3) potential convertible bonds to be issued in relation to the proposed acquisition of Zhejiang Bochen Energy Holding Co., Ltd. as disclosed in the Company's announcement dated 9 December 2015; (4) the consideration shares to be issued for the proposed acquisition of Fox Smart Ltd as disclosed in the Company's announcement dated 11 December 2015; and

(5) any equity securities to be allotted and issued pursuant to the conversion of all the issued and outstanding convertible securities of the Company and under the existing share option scheme adopted by the Company; and

(h) shall not carry out any share consolidation, subdivision or reclassification of the shares of the Company, or to increase the Company's capital by its profits and reserves.

Information on the Target Group

The Target Group will consist of three members, namely, the Target Company, the Target Company HK and the Project Company.

The Target Company is to be incorporated in the BVI by Beijing Gas HK. Its principal business shall be investment holding. The Target Company, once incorporated, shall be indirectly wholly owned by the Vendor.

The Target Company HK is to be incorporated in Hong Kong by the Target Company. The Target Company HK, once incorporated, shall be wholly owned by the Target Company and shall hold 51% of the equity interest of the Project Company upon the completion of the Restructuring. Its principal business shall be investment holding.

The Project Company was established in the PRC in August 2014 with a registered share capital of RMB30,000,000. Its principal business is the distribution natural gas to the industrial parks, residential users and commercial users in the areas of Teng County (藤縣) of Guangxi Province in the PRC. As at the date of this announcement, the Vendor directly holds a 51% equity interests in the Project Company.

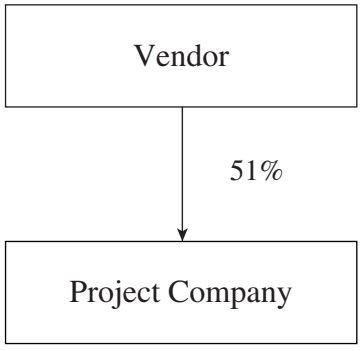
Restructuring of the Target Group

The Target Group will undergo the Restructuring in respect of which, among other things, Beijing Gas BVI and Beijing Gas HK will be interposed as the intermediate holding companies of the Target Group by the Vendor for the purpose of the Proposed Acquisition and completion of the Restructuring is one of the conditions precedent under the Acquisition Agreement.

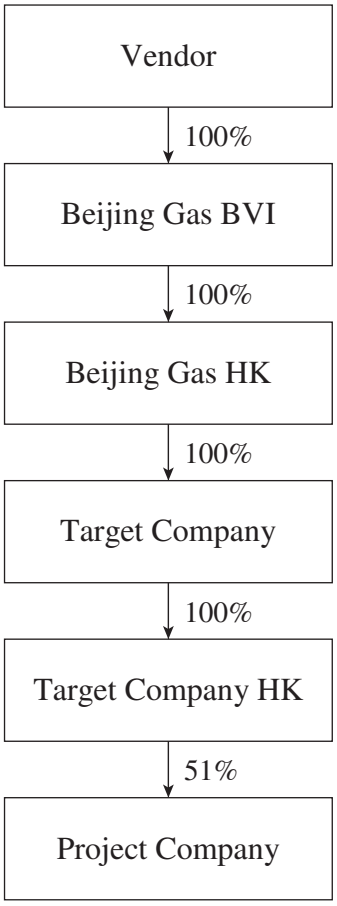
Upon completion of the Restructuring, the Target Company will hold 51% of the equity interest of the Project Company through Target Company HK.

The following charts set forth the simplified group structures of the Target Group immediately prior to, and subsequent to the completion of, the Restructuring:

Shareholding Structure of the Target Croup immediately prior to the Restructuring



Shareholding Structure of the Target Group immediately after the completion of the Restructuring



Set out below is certain financial information of the Project Company for the period from 13 August 2014 (the date of incorporation of the Project Company) to 31 December 2015:

	From 13 August 2014 to 31 December 2015 (Unaudited) *RMB'000*
Turnover	4,234
Profit before taxation	46
Profit after taxation	46

The unaudited net assets of the Project Company as at 31 December 2015 was approximately RMB29,562,000.

Reasons for and Benefits of the Proposed Acquisition

As previously disclosed, the Company aims to further develop the natural gas business and expand the geographical coverage of its natural gas project in the PRC.

The Project Company has entered into the franchise operation agreement (特許經營協議) with the local government of Teng County, pursuant to which the Project Company is granted an exclusive operation right for 30 years commencing from year 2016 to invest in and operate the city pipeline system to provide and distribute piped natural gas in the Teng County. The target customers will be residential users, industrial enterprises or commercial entities within the areas of Teng County of Guangxi Province where there located a number of industrial parks with numerous industrial users switching to natural gas as energy fuels. The Project Company commenced supplying natural gas to its customers in the Teng County in late 2015 and it is planning the construction of further pipeline which will connect to the upstream gas source, so that a reliable and stable gas source will be maintained by the Target Group. Given the above, the Board considers it a prime opportunity for the Company to expand into the Guangxi market, in which the Company does not have any presence for the moment.

Effect on Shareholding Structure of the Company

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue and allotment of the Consideration Shares, assuming there are no other changes in the shareholding structure of the Company after the date of this announcement and before Completion:

Shareholders		**As at the date of this announcement**		**Immediately after the issue and allotment of the Consideration Shares**	
	Notes	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Directors					
Cheng Ming Kit	*1*	952,195,256	15.61	952,195,256	14.79
Sze Chun Lee	*2*	198,288,480	3.25	198,288,480	3.08
Chung Oi Ling, Stella	*3*	206,340,000	3.38	206,340,000	3.21
Kwok Shek San	*4*	7,296,000	0.12	7,296,000	0.11
Hu Xiaoming	*5*	2,640,000	0.04	2,640,000	0.04
Vendor		–	–	337,777,778	5.25
Public		4,732,881,137	77.60	4,732,881,137	73.52
Total		6,099,640,873	100.00	6,437,418,651	100.00

Notes:

1. Mr. Cheng Ming Kit (an executive Director) holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 903,190,256 Shares holed by Grand Powerful Group Limited. Mr. Cheng Ming Kit personally holds 49,005,000 Shares.

2. Mr. Sze Chun Lee (an executive Director) holds 43.75% interest in China Print Power Limited and is deemed to be interested in 196,488,480 Shares held by China Print Power Limited. Mr. Sze Chun Lee personally holds 1,800,000 Shares.

3. Ms. Chung Oi Ling, Stella (a non-executive Director) holds 100% interest in Flame Capital Limited and is deemed to be interested in 206,340,000 Shares held be Flame Capital Limited.

4. Mr. Kwok Shek San is an executive Director and personally holds 7,296,000 Shares.

5. Mr. Hu Xiaoming is an executive Director and personally holds 2,640,000 Shares.

Information on the Parties

The Company

The Company is a company incorporated in Bermuda with limited liability. The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the sales and distribution of natural gas and other related products.

The Vendor

Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司), a limited liability company established in the PRC whose principal activities include natural gas production and distribution services.

SPECIFIC MANDATE

The Company will seek the approval for, among other things, the Specific Mandate from the Shareholders at the SGM to allot and issue the Consideration Shares. An application will also be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

As certain of the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition exceed 5% but are less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE SGM

For the purpose of issuing the Consideration Shares, the SGM will be convened for the Shareholders to consider and, if thought fit, to approve, among other things, the Specific Mandate.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting at the SGM in respect of the Specific Mandate.

A circular containing, amongst other things, (i) further information on the Specific Mandate; (ii) a notice of the SGM and a form of proxy will be dispatched to the Shareholders as soon as practicable. It is anticipated that the circular will be despatched to the Shareholders on or before 29 February 2016.

BOARD'S APPROVAL

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreement and its terms (including the proposed issuance and allotment of the Consideration Shares under the Specific Mandate) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

No Directors has a material interest in the Proposed Acquisition (including the Specific Mandate) and the Board has approved the Acquisition Agreement and the transactions contemplated thereunder.

RESUMPTION OF TRADING

Trading in the Shares of the Company on the Stock Exchange was halted from 9:00 a.m. on 6 January 2016 at the request of the Company pending the release of this announcement by the Company and the Announcement regarding Subscription of New Shares and Convertible Bond. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares of the Company with effect from 9:00 a.m. on 7 January 2016.

As Completion is subject to the fulfillment of a number of conditions precedent, the Proposed Acquisition may or may not be completed. 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:

"Acquisition Agreement"	the sale and purchase agreement dated 5 January 2016 entered into between the Company and the Vendor in respect of the Proposed Acquisition (as amended or varied from time to time by an agreement in writing duly executed by the parties to the agreement)

"Announcement regarding Subscription of New Shares and Convertible Bond"	an announcement dated 6 January 2016 published by the Company in relation to the subscription of new shares and convertible bond under specific mandate
"Beijing Gas BVI"	Beijing Gas Co., Ltd. (北京燃氣有限公司), a company incorporated in the BVI and is wholly owned by the Vendor
"Beijing Gas HK"	Beijing Gas Co., Ltd. (北京燃氣有限公司), a company incorporated in Hong Kong and is wholly owned by Beijing Gas BVI
"Board"	board of Directors
"Business Day"	any day (excluding a Saturday, a Sunday and a public holiday) on which banks are open for normal banking business in Hong Kong and the PRC
"BVI"	British Virgin Islands
"Company"	Blue Sky Power Holdings Limited, 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) and secondary listed on the Singapore Exchange Securities Trading Limited (Stock Code: UQ7)
"Completion"	the completion of the Proposed Acquisition
"Completion Date"	the seventh Business Day following the date on which all of the Conditions have been satisfied or such later date as the Parties may agree in writing
"Conditions"	the conditions precedent to Completion, details of which are set out in this announcement
"Consideration"	HK$152,000,000
"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 the Vendor upon Completion

"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Issue Price"	the issue price of HK$0.45 per Consideration Share
"Last Trading Day"	4 January 2016, the last trading day preceding the date of the Acquisition Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 June 2016, or such other date as the Parties to the Acquisition Agreement may agree in writing
"Parties"	the parties to the Acquisition Agreement
"PRC"	the People's Republic of China excluding Hong Kong, the Macau Special Administration Region of the PRC and Taiwan for the purpose of this announcement
"Project Company"	Beijing Gas Group (Teng County) Co,. Ltd. (北京燃氣集團藤縣有限公司), a company established in the PRC
"Proposed Acquisition"	the proposed acquisition of the entire issued share capital of the Target Company (which will, after completion of the Restructuring, hold 51% equity interest in the Project Company through the Target Company HK) pursuant to the terms and conditions of the Acquisition Agreement
"Restructuring"	the shareholding restructuring of the Target Group to be undertaken by the Vendor to the effect that the Target Company will, upon the completion of the Restructuring, hold 51% of the equity interest of the Project Company through the Target Company HK, details of which are set out in the section headed "Restructuring of the Target Group" of this announcement

"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be convened to approve, among other things, the Specific Mandate
"Share(s)"	the share(s) of HK$0.055 each in the share capital of the Company
"Shareholders"	shareholders of the Company
"Specific Mandate"	a specific mandate to be sought from the Shareholders at the SGM to authorise the Directors to allot and issue the Consideration Shares pursuant to the Acquisition Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	a company to be incorporated in the BVI by Beijing Gas HK, and which, once incorporated, to be indirectly wholly owned by the Vendor
"Target Company HK"	a company to be incorporated in Hong Kong by the Target Company and which, once incorporated, to be wholly owned by the Target Company
"Target Group"	the Target Company and its subsidiaries
"Vendor" or "Beijing Gas"	Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司), a limited liability company established in the PRC
"%"	per cent.

By order of the Board
Blue Sky Power Holdings Limited
Cheng Ming Kit
Chairman

Hong Kong, 6 January 2016

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. Kwok Shek San, and Mr. Hu Xiaoming; the non-executive director of the Company is Ms. Chung Oi Ling, Stella; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing.