THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Blue Sky Power Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares of the Company.

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)

MAJOR TRANSACTION

IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF FOX SMART LTD.

Financial Adviser to the Company

Lego Corporate Finance Limited
力高企業融資有限公司

A notice convening the special general meeting of the Company to be held at Level 9, Central Building, 1–3 Pedder Street, Central, Hong Kong at 11:00 a.m. on Wednesday, 16 March 2016 is set out on pages SGM-1 to SGM-3 of this circular. The special general meeting is to be held to approve matters referred to in this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong shareholders) or the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore shareholders). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

25 February 2016

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

"Acquisition Agreement"	the sale and purchase agreement dated 11 December 2015 entered into among the Company, the Purchaser and the Vendor in respect of the Proposed Acquisition (as may be amended or varied from time to time by an agreement in writing duly executed by the parties to the Acquisition Agreement)
"Anhui Zhongyou Jiarun"	安徽中油嘉潤有限公司 (Anhui Zhongyou Jiarun Co., Limited*), a company established under the laws of the PRC with limited liability on 6 April 2011 which is wholly owned by Hainan Zhongyou Jiarun
"Announcement"	the announcement dated 11 December 2015 made by the Company in relation to the Proposed Acquisition
"Beijing Gas"	北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd.*), a company established under the laws of the PRC and an Independent Third Party
"Beijing Gas Acquisition Agreement"	the acquisition agreement dated 5 January 2016 entered into between the Company and Beijing Gas pursuant to which the Company conditionally agreed to acquire, and Beijing Gas agreed to sell, the entire issued share capital of a company to be incorporated in the BVI by Beijing Gas at a total consideration of HK$152,000,000 to be satisfied by the Group allotment and issue of 337,777,778 consideration shares in the Company. Details of the transaction were disclosed in the announcement of the Company dated 6 January 2016
"Beijing Gas CB Subscription Agreement"	the subscription agreement dated 5 January 2016 entered into between the Company and Beijing Gas pursuant to which (i) Beijing Gas or its designated wholly-owned subsidiary agreed to conditionally subscribe, and the Company conditionally agreed to issue the convertible bond in an aggregate principal amount of HK$350,000,000 at the issue price; and (ii) based on the initial conversion price of HK$0.45 per conversion share and assuming full conversion of the convertible bond, a maximum number of 777,777,777 conversion shares will be allotted and issued by the Company. Details of the transaction were disclosed in the announcement of the Company dated 6 January 2016

"Beijing Gas Share Subscription Agreement"	the share subscription agreement dated 5 January 2016 entered into between the Company and Beijing Gas pursuant to which Beijing Gas or its designated wholly-owned subsidiary agreed to conditionally subscribe and pay for 2,155,555,555 fully paid subscription shares of the Company at the subscription price of HK$0.45 per subscription share. Details of the transaction were disclosed in the announcement of the Company dated 6 January 2016
"Beijing Gas (Teng County)"	北京燃氣集團藤縣有限公司 (Beijing Gas Group (Teng County) Co,. Ltd.*), a company established under the laws of the PRC and an Independent Third Party
"Board"	the board of Directors of the Company
"Business Day"	any day (excluding a Saturday, a Sunday and a public holiday) on which banks are open for business in Hong Kong and the PRC
"BVI"	British Virgin Islands
"CNG"	compressed natural gas
"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 sale and purchase of the Sale Share
"Completion Date"	the fifth Business Day following the date on which all of the Conditions have been fulfilled or waived or such other date as the parties to Acquisition Agreement may agree in writing, such date not being later than the Long Stop Date
"Conditions"	the conditions precedent to Completion, details of which are set out in the Announcement
"Consideration"	the total consideration for the Sale Share
"Consideration Share"	the new Shares to be allotted and issued to the Vendor (or his nominee(s)) as part of the Consideration at the Issue Price of HK$0.48 per Consideration Share by the Company

"Depositor", "Depository", "Depository Register"	has the meaning ascribed to it in section 81SF of the Securities and Futures Act (Cap. 289) of Singapore
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Proposed Acquisition
"Enlarged Target Group"	the Target Group after the completion of the Reorganisation, comprising the Target, its subsidiaries (including Shenzhen Jiashi) and the Hainan Zhongyou Jiarun Group and "member of the Enlarged Target Group" shall mean any or a specific one of them
"First Step Reorganisation"	the first step of the Reorganisation involving Shenzhen Jiashi acquiring 40% and 30% equity interest in Hainan Zhongyou Jiarun and Hefei Kunlun, respectively
"Great Advance"	Great Advance Limited, a company incorporated under the laws of Hong Kong with limited liability on 9 March 2015 and a direct wholly-owned subsidiary of the Target
"Group"	the Company and its subsidiaries
"Hainan Zhongyou Jiarun"	海南中油嘉潤天然氣有限公司 (Hainan Zhongyou Jiarun Natural Gas Co., Limited*), a company established under the laws of the PRC with limited liability on 30 March 2006 which will be held as to 40% equity interest by Shenzhen Jiashi and as to 60% equity interest by Hainan Zhongyou Shennan, an Independent Third Party, upon the completion of the Reorganisation
"Hainan Zhongyou Jiarun Group"	Hainan Zhongyou Jiarun, Anhui Zhongyou Jiarun and Hefei Kunlun, which will become associated companies of the Target and the Company upon the completion of the Reorganisation
"Hainan Zhongyou Shennan"	海南中油深南石油技術開發有限公司 (Hainan Zhongyou Shennan Technology Development Co., Ltd*), a company established under the laws of the PRC and an Independent Third Party
"Hefei Kunlun"	合肥崑崙能源有限公司 (Hefei Kunlun Energy Co., Limited*), a company established under the laws of the PRC with limited liability on 1 August 2012 which will be held as to 30% equity interest by Shenzhen Jiashi and as to 70% equity interest by Hainan Zhongyou Jiarun upon the completion of the Reorganisation

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) who is/are independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
"Issue Price"	the issue price of HK$0.48 per Consideration Share
"Last Trading Day"	10 December 2015, the last trading day preceding the date of Acquisition Agreement
"Latest Practicable Date"	22 February 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LNG"	liquefied natural gas
"Long Stop Date"	30 June 2016, or such other date as the parties to the Acquisition Agreement may agree in writing
"Material Adverse Change"	any change or effect, the consequence of which materially and adversely affects the condition (financial or otherwise), business, liabilities, results of operations, prospects and/or assets of any member of the Target Group or the Target Group as a whole
"Post-Completion Undertakings"	the post-Completion undertakings given by the Vendor to the Purchaser and the Company, details of which are set out in this circular
"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 circular
"Promissory Note"	the transferable promissory note in the principal amount of HK$20,000,000 at nil interest with maturity period of three years from the Completion Date and repayable in integral multiples of HK$1,000,000, to be issued by the Purchaser to the Vendor and/or his nominee(s) pursuant to the Acquisition Agreement
"Proposed Acquisition"	the proposed acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement

"Purchaser"	Goldlink Capital Limited, a company incorporated with limited liability under the laws of the BVI which is directly wholly-owned by the Company
"Reorganisation"	the reorganisation exercise comprising the First Step Reorganisation and the Second Step Reorganisation
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Share"	the one share with par value of US$1.00 each in the share capital of the Target, representing 100% of the issued share capital of the Target
"Second Step Reorganisation"	the second step of the Reorganisation involving Shenzhen Haoyun acquiring the entire equity interest of Shenzhen Jiashi
"SFO"	Securities and Futures Ordinance (Chapter 571)
"SGM"	the special general meeting of the Company to be convened on 16 March 2016 to approve, among other things, the Proposed Acquisition and the Specific Mandate
"Share(s)"	ordinary share(s) of HK$0.055 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Haoyun"	深圳好運順風能源有限公司 (Shenzhen Haoyun Shunfeng Energy Co., Limited*), a company established under the laws of the PRC with limited liability on 4 June 2015 and an indirect wholly-owned subsidiary of the Target which will hold the entire equity interest in Shenzhen Jiashi upon the completion of the Reorganisation
"Shenzhen Jiashi"	深圳嘉實德鑫能源投資有限公司 (Shenzhen Jiashi Dexin Energy Investment Co., Limited*), a company established under the laws of the PRC with limited liability on 23 March 2015 which will hold 40% equity interest in Hainan Zhongyou Jiarun and 30% equity interest in Hefei Kunlun upon the completion of the Reorganisation
"Specific Mandate"	the specific mandate to be sought from the Shareholders at the SGM in relation to the allotment and issue of the Consideration Shares as part of the Consideration according to the Acquisition Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target"	Fox Smart Ltd., a company incorporated under the laws of the BVI with limited liability on 18 June 2015 which holds the entire equity interest in Great Advance
"Target Group"	the Target, Great Advance and Shenzhen Haoyun; the expression "member of the Target Group" shall mean any or a specific one of them
"Vendor"	Mr. Huang Liedan, who owns the entire issued share capital of the Target and is an Independent Third Party
"US$"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent.

* *For identification purposes only.*

For the purpose of this circular, unless otherwise specified, translation between RMB and HK$ are based on the exchange rate of RMB1 to HK$1.2. The translation shall not be taken as a representation that RMB could actually be converted into HK$ at that rate, or at all.

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)

Executive Directors:
Cheng Ming Kit
Sze Chun Lee
Hung Tao
Kwok Shek San
Hu Xiaoming

Non-executive Director:
Chung Oi Ling, Stella

Independent Non-executive Directors:
Lim Siang Kai
Wee Piew
Ma Arthur On-hing

Registered office:
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Headquarters and principal place of business in Hong Kong:
Room 1411, 14/F
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16–18 Queen's Road Central
Central, Hong Kong

25 February 2016

To the Shareholders

Dear Sir or Madam,

ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF FOX SMART LTD.

INTRODUCTION

Reference is made to the Announcement in relation to the Proposed Acquisition. On 11 December 2015 (after trading hours), the Company, the Purchaser (which is a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Share at the Consideration of HK$136,000,000. Further details on the Proposed Acquisition are set out below in this circular.

Given that the Target, through Shenzhen Jiashi, will hold 40% equity interest in Hainan Zhongyou Jiarun upon completion of the Reorganisation, Hainan Zhongyou Jiarun Group shall become associated companies of the Target. Upon Completion, the Target

shall become a wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target and its subsidiaries will be consolidated into the financial statements of the Group, of which Hainan Zhongyou Jiarun Group shall be accounted as associated companies in the consolidated financial statements of the Company using the equity method.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Proposed Acquisition are above 25% but less than 100%, the Proposed Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek approval for, among other things, the Proposed Acquisition and the Specific Mandate from the Shareholders at the SGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Proposed Acquisition and the issuance of the Consideration Shares. As such, no Shareholder is required to abstain from voting under the Listing Rules on the resolutions to be proposed at the SGM.

The purpose of this circular is to provide you with, among other things: (i) further information on the Proposed Acquisition; (ii) financial information of the Group; (iii) the accountants' report on the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Target Group; and (v) other information as required under the Listing Rules together with a notice of the SGM and a form of proxy.

THE ACQUISITION AGREEMENT

Date

11 December 2015 (after trading hours)

Parties

(i) the Company;

(ii) the Purchaser; and

(iii) the Vendor

The Company confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor and its ultimate beneficial owner are Independent Third Parties of the Company and connected persons of the Company.

The business development department of the Company acquainted with the Vendor during its ordinary course of business in seeking potential new projects. The Proposed Acquisition was then introduced to the senior management of the Company and

commenced negotiation on the terms of the Acquisition Agreement with the Vendor. The Company did not directly acquaint with the precedent beneficial owner of Hainan Zhongyou Jiarun Group and hence the Group did not acquire the interests in Hainan Zhongyou Jiarun Group from the precedent beneficial owner.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target.

Each member of the Target Group is an investment holding company that does not engage in any business activities. Upon the completion of the Reorganisation, the Target through Hainan Zhongyou Jiarun Group will be principally engaged in the investment of LNG refuelling stations for vehicles and vessels and LNG trading business in the PRC. Shenzhen Haoyun, an indirect wholly-owned subsidiary of the Target, is in the process of completing the Reorganisation, which involves the acquisition of the entire equity interest of Shenzhen Jiashi, which is in the process of acquiring the Hainan Zhongyou Jiarun Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Hainan Zhongyou Jiarun Group currently (1) operates two LNG refuelling stations for vehicles and one gasification station using LNG in Hainan Province through Hainan Zhongyou Jiarun; (2) operates three LNG refuelling stations for vehicles and two movable LNG refuelling equipment for vehicles, which will be converted into LNG refuelling stations, in Hefei, Anhui Province through Hefei Kunlun; (3) engages in LNG trading business in Anhui Province through Hefei Kunlun; and (4) constructs one LNG refuelling station for vessels in Wuhu, Anhui Province through Anhui Zhongyou Jiarun. The Reorganisation is expected to be completed by the end of the first quarter of 2016.

Consideration

Pursuant to the Acquisition Agreement, the Consideration shall be HK$136,000,000, of which:

(a) HK$40,000,000 shall be payable by cash;

(b) HK$20,000,000 shall be payable by the Promissory Note; and

(c) the balance of HK$76,000,000 shall be satisfied by the allotment and issue of 158,333,333 Consideration Shares at the Issue Price of HK$0.48 per Consideration Share.

The Promissory Note has nil interest rate based on commercial negotiations between the Purchaser and the Vendor. The Vendor was agreeable to the Promissory Note having nil interest rate which was regarded as a retention money for certain post-completion undertakings to be fulfilled by the Vendor.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor, having regards to (i) the financial position of Hainan Zhongyou Jiarun Group as it started to be profit-making for the eight months ended 31 August 2015; (ii) the prospects and potential of the business of the Target Group in view of the recent PRC government's determination by adopting use of clean energy (such as LNG) in easing air pollution being caused by industrialisation oil use and having addressed the environmental protection as one of the government policy focuses; and (iii) the valuation of the Hainan Zhongyou Jiarun Group prepared by Roma Appraisals Limited, an independent valuer. As extracted from the valuation report as set out in Appendix V to this circular, the valuation amounted to RMB115,669,000 (equivalent to approximately HK$138,802,800), representing a premium of approximately 2.1% over the Consideration. After considering the above, the Board considers that the Consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Roma Appraisals Limited, which is a subsidiary of Roma Group Limited (stock code: 8072.HK), is a professional valuation and consultancy firm in Hong Kong. Roma Appraisals Limited has relevant qualifications and extensive experiences in business valuation for various listed companies of the Stock Exchange which are principally engaged in business sector similar to Hainan Zhongyou Jiarun Group, being the energy related sector.

The number of Consideration Shares to be allotted and issued to the Vendor is calculated by dividing HK$76,000,000 (being the non-cash component of the Consideration) with the Issue Price of HK$0.48 per Consideration Share. The Issue Price of HK$0.48 per Consideration Share is determined with reference to the prevailing market price of the Shares.

The Issue Price of HK$0.48 per Consideration Share represents:

(i) a discount of approximately 5.88% to the closing price of HK$0.510 per Share as quoted on the Stock Exchange on the date of the Last Trading Day;

(ii) a discount of approximately 10.11% to the average closing price of HK$0.534 per Share as quoted on the Stock Exchange in the last five consecutive trading days up to and including the Last Trading Day; and

(iii) a discount of approximately 6.25% to the average closing price of HK$0.512 per Share as quoted on the Stock Exchange in the last ten consecutive trading days up to and including the Last Trading Day.

Consideration Shares

The Consideration Shares represent (i) approximately 2.59% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 2.52% of the enlarged issued share capital of the Company.

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.

The Consideration Shares shall be allotted and issued under the Specific Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

Conditions precedent

Completion is subject to the following Conditions being fulfilled and/or waived (as the case may be):

(a) the Reorganisation having been completed to the Purchaser's satisfaction, Shenzhen Haoyun having been registered as the holder of the entire equity interest of Shenzhen Jiashi and Shenzhen Jiashi having been registered as the holder of 40% and 30% equity interest of Hainan Zhongyou Jiarun and Hefei Kunlun, respectively, by the relevant PRC authorities and satisfactory evidence to this effect having been delivered to the Purchaser;

(b) the Acquisition Agreement and the transactions contemplated thereunder having been approved by the Board and the board of directors of the Purchaser, respectively;

(c) to the extent required by the Listing Rules, the approval of the Acquisition Agreement and the transactions contemplated thereunder by the Shareholders having been obtained;

(d) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares (either unconditionally or subject only to conditions to which the Purchaser have no reasonable objection);

(e) the Vendor having delivered to the Purchaser (i) a registered agent certificate with respect to the Target issued by the registered agent of the Target in the BVI; and (ii) a certificate of good standing with respect to the Target issued by the Registrar of Corporate Affairs of the BVI, both of which to be dated no more than two weeks before the date of Completion;

(f) the warranties given by the Vendor under the Acquisition Agreement not being untrue, inaccurate and misleading at Completion by reference to the facts and circumstances subsisting at that date;

(g) the Purchaser being satisfied with the results of its legal and financial due diligence in respect of the Reorganisation, the Target Group and the Sale Share, and having notified the Vendor in writing;

(h) there not having occurred, in the sole opinion of the Purchaser and to its satisfaction only, a Material Adverse Change to any member of the Target Group;

(i) all necessary waivers, consents and approvals being granted by third parties (including any governmental authority) to implement the transactions contemplated under the Acquisition Agreement;

(j) no statute, regulation or decision which would prohibit, restrict or materially delay the transactions contemplated under the Acquisition Agreement having been proposed, enacted or taken by any governmental authority; and

(k) the delivery of a PRC legal opinion covering, among others, the due establishment, legality of business operations, property interests, litigation of each member of the Hainan Zhongyou Jiarun Group located in the PRC, issued by the Vendor's PRC lawyers as of the Completion Date, in form and substance satisfactory to the Purchaser.

The Purchaser may waive, in part or in full, all or any of the Conditions set out in paragraphs (e) to (k) above, to the extent permitted by law, by written notice to the Vendor any time before Completion.

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

As at the Latest Practicable Date, none of the Conditions (except for the Condition set out in paragraph (b) above) has been fulfilled.

Termination

The Acquisition Agreement shall be terminated under the following circumstances:

(a) any of the Conditions has not been fulfilled (or waived) on or before the Long Stop Date;

(b) the Vendor fails or is unable to perform any of his material obligations required to be performed by him on or before Completion and the Purchaser elects to terminate the Acquisition Agreement; or

(c) by mutual agreement in writing among the parties to the Acquisition Agreement.

Upon the termination of the Acquisition Agreement, other than the provisions in the Acquisition Agreement which are specifically identified to survive termination, including but not limited to provisions relating to confidentiality, costs and notices, and save in respect of claims arising out of any antecedent breach of the Acquisition Agreement, the Acquisition Agreement shall cease to be of any effect.

Completion

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

Post-Completion Undertakings

Pursuant to the terms of the Acquisition Agreement, the Vendor irrevocably undertakes to the Company and the Purchaser that he shall use his best endeavours to procure the following:

(a) the successful grant of all legal, regulatory and other approvals prior to 31 December 2016 for (i) two (2) movable LNG refueling equipment for vehicles currently owned by Hefei Kunlun to be successfully converted into LNG refueling stations; and (ii) two (2) LNG refueling stations for vehicles currently owned by Hefei Kunlun which are in the process of applying for the required approvals;

(b) Hainan Zhongyou Jiarun to construct and commence operating no less than five (5) new LNG refueling stations in Hainan Province, one (1) new LNG refueling station in Hefei and one (1) new LNG refueling station in Wuhu in each of the three years ending 31 December 2018;

(c) the average monthly revenue of Hainan Zhongyou Jiarun and Hefei Kunlun for the period between 1 July 2015 to 31 December 2016 (both dates inclusive) to be the same or higher than their respective average monthly revenue for the period between 1 January 2014 to 30 June 2015 (both dates inclusive); and

(d) Anhui Zhongyou Jiarun to complete the construction of the LNG refuelling station for vessels in Wuhu with the grant of all legal, regulatory and other approvals prior to 30 June 2016.

BUSINESS, LICENCES AND PERMITS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the business operation of and the licenses and permits obtained or to be obtained by the members of the Hainan Zhongyou Jiarun Group are set out below:

Company	Business Commencement Date	Existing Business	Future Business Plan	Permits and Licenses Obtained/to be Obtained
Hainan Zhongyou Jiarun	Year 2008	Sales and distribution of LNG by operation of gas refuelling stations for vehicles in Hainan Province, in which as at the Latest Practicable Date, Hainan Zhongyou Jiarun operates (i) two LNG refuelling stations for vehicles; and (ii) one gasification station using LNG (collectively, the "**Hainan Zhongyou Jiarun Existing Business**")	Pursuant to the post-completion undertaking under the Acquisition Agreement, Hainan Zhongyou Jiarun will construct and operate no less than five new LNG refueling stations for vehicles in Hainan Province, in each of the three years ending 31 December 2016, 2017 and 2018.	All the relevant permits and/or licences for the Hainan Zhongyou Jiarun Existing Business, including Gas Business License (燃氣經營許可證) and the Gas Cylinder Filling Permit (氣瓶充裝許可證), have been obtained.
Anhui Zhongyou Jiarun	LNG refuelling station for vessels, expected to commence operation in the second half of 2016	Trial operation of movable LNG refuelling equipment for vehicles in 2013 and the trial operations ceased in 2014 Constructing one LNG refuelling station for vessels in Wuhu, Anhui Province	Constructing one new LNG refuelling station for vehicles each year for the coming three years ending 31 December 2016, 2017 and 2018 in Wuhu, Anhui Province and the first new LNG refuelling station for vessels is expected to be in operation in the second half of 2016 (the "**Wuhu LNG Station**").	Anhui Zhongyou Jiarun has obtained all the government approval from the local government to construct the Wuhu LNG Station.

Company	Business Commencement Date	Existing Business	Future Business Plan	Permits and Licenses Obtained/to be Obtained
Hefei Kunlun	Second half of 2013	LNG trading business in Anhui Province and sales and distribution of LNG by operation of gas refuelling stations for vehicles in Hefei, Anhui Province, in which as at the Latest Practicable Date, Hefei Kunlun operates (i) three LNG refuelling stations for vehicles; and (ii) two movable LNG refuelling equipment for vehicles Hefei Kunlun is also in the process of constructing one LNG refuelling station for vehicles in Hefei	Pursuant to the post-completion undertaking under the Acquisition Agreement, Hefei Kunlun will construct and operate no less than one new LNG refuelling station for vehicles in Hefei in each of the three years ending 31 December 2016, 2017 and 2018.	***LNG refuelling stations for vehicles*** • Two of the three LNG refuelling stations for vehicles have obtained all the necessary approvals and/or licenses including Gas Business License (燃氣經營許可證) and the Gas Cylinder Filling Permit (氣瓶充裝許可證). • The third LNG refuelling station is in the process of obtaining the Gas Business License (燃氣經營許可證) and the Gas Cylinder Filling Permit (氣瓶充裝許可證). • Hefei Kunlun has obtained all the necessary permits/licences for the construction of the fourth LNG refuelling station for vehicles in Hefei, Anhui Province. ***Conversion of two Movable LNG refuelling equipment for vehicles into LNG refuelling stations*** • One of the two movable LNG refuelling equipment for vehicles has obtained the Gas Business License (燃氣經營許可證) and is in the process of obtaining the Gas Cylinder Filling Permit (氣瓶充裝許可證). • The other one movable LNG refuelling equipment for vehicles is in the process of obtaining the relevant approvals from the land and resources department and the City National Development and Reform Commission (市發改委) and will apply for the Gas Business License (燃氣經營許可證) and the Gas Cylinder Filling Permit (氣瓶充裝許可證).

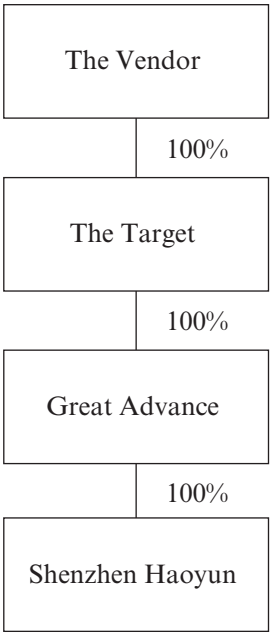
We have been advised by our PRC counsel that there is no material legal obstacles for Hefei Kunlun in obtaining the above approvals and/or permits.

INFORMATION ON THE TARGET

The Target

The Target was incorporated in the BVI with limited liability on 18 June 2015. The issued share capital of the Target as at the Latest Practicable Date is US$1.00. To the best knowledge of the Company, after making reasonable enquiry, each member of the Target Group is an investment holding company that does not engage in any business activities. Upon the completion of the Reorganisation, the principal asset of the Target is the Hainan Zhongyou Jiarun Group and the Target through Hainan Zhongyou Jiarun Group will be principally engaged in the investment of LNG refuelling stations for vehicles and vessels and LNG trading business in the PRC.

As at the date of this circular, the shareholding structure of the Target Group is as follow:



The Reorganisation

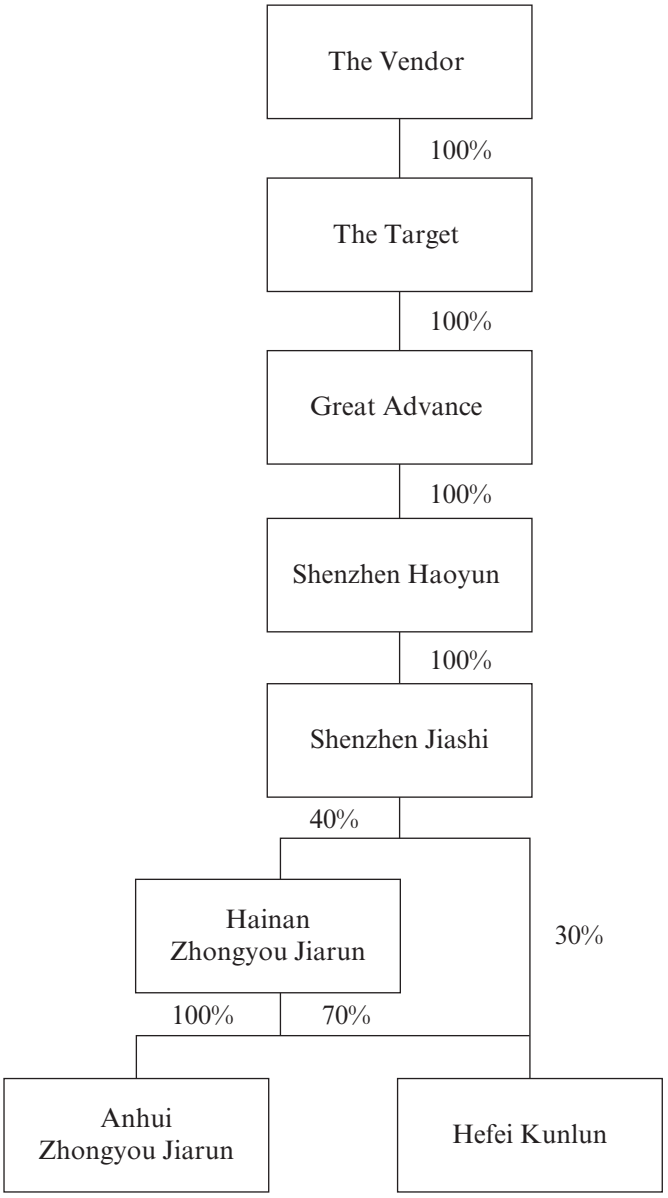
The Reorganisation involves a two-step process. The First Step Reorganisation involves Shenzhen Jiashi, an Independent Third Party as at the Latest Practicable Date, acquiring 40% and 30% equity interest in Hainan Zhongyou Jiarun and Hefei Kunlun from Independent Third Parties, respectively. Each of the existing shareholders holding 40% and 60% equity interest in Hainan Zhongyou Jiarun and holding 30% equity interest in Hefei Kunlun is an Independent Third Party. Hainan Zhongyou Jiarun in turn currently holds 70% and 100% equity interest in Hefei Kunlun and Anhui Zhongyou Jiarun, respectively. Following the completion of the First Step Reorganisation, the Second Step Reorganisation involves Shenzhen Haoyun, an indirect wholly-owned subsidiary of the Target, acquiring the entire equity interest of Shenzhen Jiashi.

Accordingly, upon the completion of the Reorganisation, the Hainan Zhongyou Jiarun Group, through Shenzhen Jiashi, shall become associated companies of the Target and the Target will have an effective interest of 40%, 40% and 58% in Hainan Zhongyou Jiarun, Anhui Zhongyou Jiarun and Hefei Kunlun, respectively. As at the Latest Practicable Date, the Reorganisation has not been completed, pending the obtaining of the required approvals from and completing the necessary filings procedures with the relevant government authorities in the PRC (including but not limited to the State Administration for Industry and Commence). It is expected that the Reorganisation will be completed by the end of the first quarter of 2016.

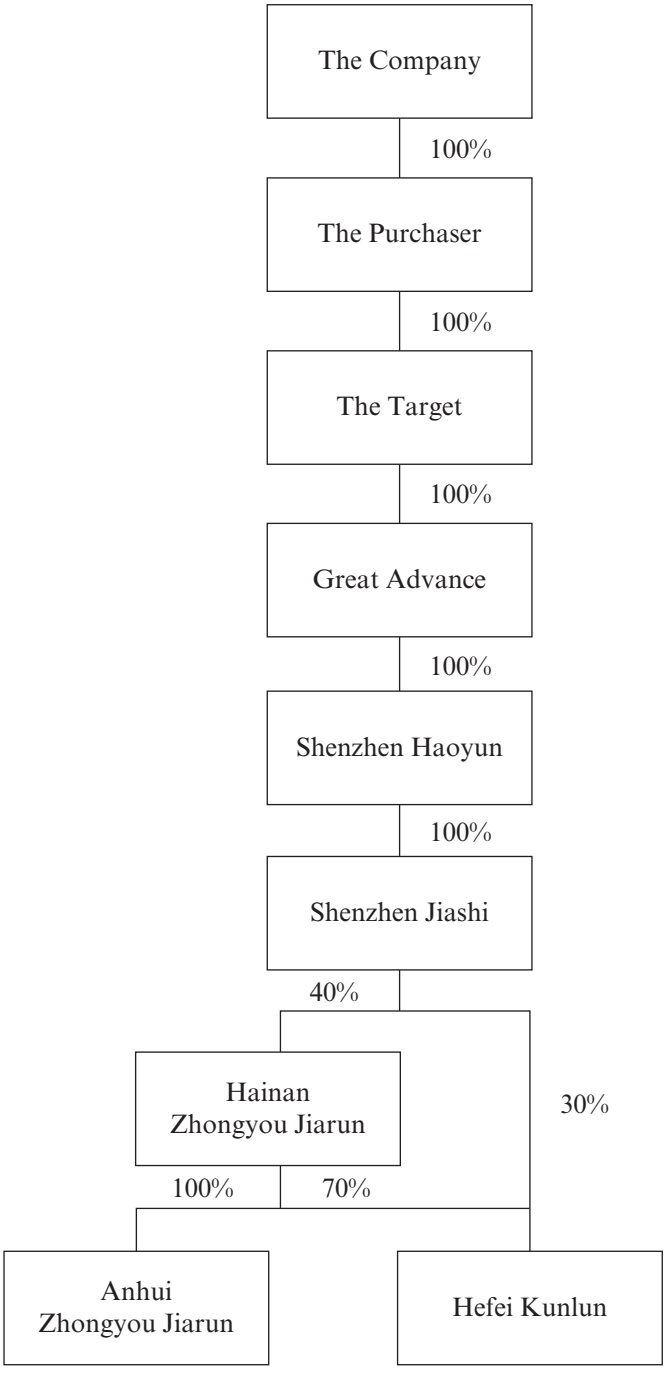
Shareholding Structure of the Target

Set out below is the shareholding structure of the Target upon the completion of the Reorganisation and after Completion:

(i) Immediately after the completion of the Reorganisation:



(ii) Immediately after Completion:



— means legal and beneficial interests

Financial Information on the Target Group and Shenzhen Jiashi:

The audited consolidated financial information of the Target Group are as follows:

	9 March 2015 (date of incorporation) to 31 August 2015 (Audited) *HK$*
Revenue	—
Loss before taxation	(41,625)
Loss after taxation	(41,625)
Net asset value	(41,617)

The audited financial information of Shenzhen Jiashi are as follows:

	23 March 2015 (date of incorporation) to 31 August 2015 (Audited) *HK$*
Revenue	—
Loss before taxation	(20,935)
Loss after taxation	(20,935)
Net asset value	(21,117)

Financial Information on the Hainan Zhongyou Jiarun Group

The unaudited consolidated financial information of the Hainan Zhongyou Jiarun Group for the last two financial years ended 31 December 2014 are as follows:

	For the year ended 31 December 2014 (Audited) *HK$'000*	**For the year ended 31 December 2013** (Audited) *HK$'000*
Turnover	192,416	100,678
Loss before taxation	(4,077)	(5,539)
Loss after taxation	(4,472)	(5,845)

	As at 31 December 2014 (Audited) *HK$'000*	**As at 31 December 2013** (Audited) *HK$'000*
Total assets	67,935	81,499
Total liabilities	(60,140)	(69,105)
Net assets	7,795	12,394

The financial information of the Hainan Zhongyou Jiarun Group for the last two financial years set out above has consolidated the financial information of Hefei Kunlun and Anhui Zhongyou Jiarun.

Given that the Target, through Shenzhen Jiashi, will hold 40% equity interest in Hainan Zhongyou Jiarun upon completion of the Reorganisation, the Hainan Zhongyou Jiarun Group shall become associated companies of the Target. Upon Completion, the Target shall become a wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Group will be consolidated into the financial statements of the Group, of which the Hainan Zhongyou Jiarun Group shall be accounted as associated companies in the consolidated financial statements of the Company using the equity method. The accounting treatment for Hainan Zhongyou Jiarun Group upon Completion has been communicated with the Company's auditor with no disagreement.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Board considers that the Proposed Acquisition represents a good potential investment for the Group after taking into account the following:

1. LNG refuelling stations for vehicles

Upon the completion of the Reorganisation, the Target Group, through the Hainan Zhongyou Jiarun Group, will principally be engaged in the operation of LNG refuelling stations for vehicles in Hainan Province and Anhui Province, both of which are major transportation and communication hubs in the PRC. The customers of the Hainan Zhongyou Jiarun Group are mainly logistics and transportation companies with heavy trucks, coaches and buses in their fleet of vehicles. Hainan Zhongyou Jiarun Group has entered into a number of exclusive supply contracts with its customers which are logistics and transportation companies operating in Hainan Province, pursuant to which all vehicles operated by these companies shall source LNG only from the LNG refueling stations of Hainan Zhongyou Jiarun Group. The selling price of the LNG from Hainan Zhongyou Jiarun Group to such customers was at a certain discount to the market rate of the LNG in the local market. The exclusive supply contracts have a duration ranging from two years to fifteen years with preemptive rights granted to Hainan Zhongyou Jiarun Group for the renewal of term. The LNG refuelling stations of the Hainan Zhongyou Jiarun Group are strategically located near the entrances of highways or long-distance passenger transportation stations or toll stations.

Through its associated companies, the Group owns 17 refuelling stations for vehicles using mainly CNG in Hainan Province. The Proposed Acquisition is expected to enable the Group to expand its market share in Hainan Province and broaden its business focus from existing CNG refuelling stations to LNG refuelling stations. As more and more heavy trucks, coaches and buses are switching from diesel-fuelled vehicles to LNG-fuelled vehicles, the Directors believe that the number of LNG refuelling stations will grow significantly and LNG refuelling stations will become one of important business segments of the Group in the future.

2. LNG refuelling stations for vessels

As at the Latest Practicable Date, the natural gas business of the Group comprised of (i) construction and operation of compressed natural gas and LNG refueling stations for vehicles in Liaoning Province, Shandong Province, Sichuan Province, Guizhou Province and Hainan Province; and (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complex and residential communities. In February 2014, the Hainan Zhongyou Jiarun Group obtained a government approval to construct a LNG refuelling station for vessels in Wuhu, Anhui Province. The station is under construction and is expected to complete in the second half of 2016. The Hainan Zhongyou Jiarun Group has obtained a concession right to operate the station. Because of the significant amount of vessels travelling on the Yangtze River and which pass through Wuhu, and the presence of favourable policies to encourage vessels to use LNG, the Directors believe that the

Proposed Acquisition will expand its business coverage to LNG vessels refuelling business and trading of LNG business and also the geographic coverage of the Group's LNG business to Anhui Province.

3. LNG trading business

As disclosed in the annual report of the Company for the year ended 31 December 2014, the Company is exploring the opportunities to identify certain LNG sources with competitive pricing, which will allow the Company to venture into LNG trading business in the PRC. The Proposed Acquisition enables the Group to carry out its development plan and readily tap into the LNG trading business operated by the Hainan Zhongyou Jiarun Group in Anhui Province.

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 (i) sales and distribution of natural gas and other related products; (ii) sales of book products; and (iii) sales of specialised products.

The Purchaser

The Purchaser is a company incorporated in the BVI with limited liability. The principal activity of the Purchaser is investment holding.

The Vendor

The Vendor is a citizen of the PRC who is an Independent Third Party.

SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Consideration Shares, assuming there are no other changes in the shareholding structure of the Company after the date of this circular and before the Completion Date; and (iii) immediately after the allotment and issue of the Consideration Shares, assuming there are no other changes in the shareholding structure of the Company after the date of this circular and before the Completion Date except for the allotment and issue of Shares pursuant to the Beijing Gas Acquisition Agreement, Beijing Gas Share Subscription Agreement and Beijing Gas CB Subscription Agreement:

		As at the Latest Practicable Date		**Immediately after the allotment and issue of the Consideration Shares (assuming no other changes in shareholding structure)**		**Immediately after the allotment and issue of the Consideration Shares, assuming there are no other changes in the shareholding structure of the Company after the date of this circular and before the Completion Date except for the allotment and issue of Shares pursuant to the Beijing Gas Acquisition Agreement, Beijing Gas Share Subscription Agreement and Beijing Gas CB Subscription Agreement**	
	Notes	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Directors							
Mr. Cheng Ming Kit	1	952,195,256	15.58	952,195,256	15.18	952,195,256	9.98
Mr. Sze Chun Lee	2	173,288,480	2.83	173,288,480	2.76	173,288,480	1.82
Ms. Chung Oi Ling, Stella	3	206,340,000	3.38	206,340,000	3.29	206,340,000	2.16
Mr. Kwok Shek San	4	7,296,000	0.12	7,296,000	0.12	7,296,000	0.08
Mr. Hu Xiaoming	5	2,640,000	0.04	2,640,000	0.04	2,640,000	0.03
Other shareholders							
The Vendor		—	—	158,333,333	2.52	158,333,333	1.66
Beijing Gas	6	—	—	—	—	3,271,111,110	34.28
Public		4,771,850,032	78.05	4,771,850,032	76.08	4,771,850,032	50.00
Total		6,113,609,768	100.00	6,271,943,101	100.00	9,543,054,211	100.00

There will not be any change of control of the Company resulting from the Completion or the issuance of the Consideration Shares.

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 held 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 171,488,480 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 by 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.

6. The figures on shareholding number and percentage are for illustration purposes only. Please refer to the Company's announcement dated 6 January 2016 on the subscription of new shares and convertible bond under specific mandate. The bondholder shall not exercise the Conversion Rights under the Convertible Bond if (i) the bondholder, its associates and parties acting in concert with it will, in aggregate, as a result of the issue of the relevant conversion shares acquire 30% or more (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the issued share capital of the Company and trigger any mandatory offer obligations under Rule 26 of the Takeovers Code on the part of the bondholder; or (ii) the public float of the Shares is less than 25% (or any given percentage as required by the Listing Rules) of the issued share capital of the Company at any one time in compliance with the Listing Rules.

EFFECTS ON EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon Completion, the financial results of the Target Group will be consolidated into the financial statements of the Group, of which Hainan Zhongyou Jiarun Group shall be accounted as associated companies in the consolidated financial statements of the Company using the equity method.

(i) Earnings

According to the accountant's reports enclosed in Appendices II-A to II-C to the circular, Hainan Zhongyou Jiarun Group recorded profit attributable to owners of approximately HK$1,160,000 for the eight months ended 31 August 2015 and the Target Group and Shenzhen Jiashi recorded loss of HK$41,625 and HK$20,935 for the period from their respective date of incorporation in March 2015 to 31 August 2015.

Upon Completion, the financial results of the Target Group and Shenzhen Jiashi will be consolidated into the consolidated financial statements of the Group and the financial results of Hainan Zhongyou Jiarun Group will be reflected in the consolidated financial statements of the Company as share of profits of associates.

After taking into account that the Proposed Acquisition would (i) expand the geographic coverage and network of the Group's LNG business; (ii) diversify the Group's LNG business by supplying LNG to LNG vessels and engage in the LNG trading business; and (iii) the Hainan Zhongyou Jiarun Group has been profit making in the eight months ended 31 August 2015, the Directors consider that the Proposed Acquisition would enhance the Group's business performance and its earning prospect.

(ii) Assets and Liabilities

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, upon Completion, the total consolidated net assets of the Group would increase from approximately HK$1,329.6 million to approximately

HK$1,400.1 million. The total assets would increase from approximately HK$1,821.17 million to approximately HK$1,908.0 million. The total liabilities would increase from approximately HK$492.0 million to approximately HK$507.9 million.

Please refer to Appendices II-A to II-C and Appendix IV as set out in this circular for further information of the assets and liabilities of Hainan Zhongyou Jiarun Group, the Target Group and Shenzhen Jiashi and information on the financial effects of the Proposed Acquisition, respectively.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Proposed Acquisition are above 25% but less than 100%, the Proposed Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek approval for, among other things, the Proposed Acquisition and the Specific Mandate from the Shareholders at the SGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Proposed Acquisition and the issuance of the Consideration Shares. As such, no Shareholder is required to abstain from voting under the Listing Rules on the resolutions to be proposed at the SGM.

SGM

A notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular. The SGM will be convened and held at Level 9, Central Building, 1–3 Pedder Street, Central, Hong Kong on Wednesday, 16 March 2016 at 11:00 a.m., at which, the relevant resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve, among others, the Proposed Acquisition and the issue and allotment of the Consideration Shares.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, the relevant resolutions to be approved in respect of the Proposed Acquisition and the allotment and issue of the Consideration Shares at the SGM will be taken by way of poll.

Hong Kong

Shareholders (whether or not able to attend the SGM) are requested to complete and return the enclosed Hong Kong proxy form in accordance with the instructions printed thereon and deposit with the Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in

person at the SGM or any adjourned meeting thereof (as the case may be) should they elect to do so. **Please note that this paragraph is only applicable to Shareholders whose Shares are registered in the branch register of members in Hong Kong.**

Singapore

Any Shareholder, Depositor or proxy who wishes to attend, speak and vote at the SGM may do so via video conferencing at Level 30, Singapore Land Tower, 50 Raffles Place, Singapore 048623.

If a Shareholder is unable to attend the SGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Singapore proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's share transfer agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the SGM. The completion and return of the Singapore proxy form by a Shareholder will not prevent him from attending and voting at the SGM in person if he so wishes, and in such event the Singapore proxy form submitted bearing his name shall be deemed to be revoked. **Please note that this paragraph is only applicable to Shareholders who do not hold Shares through an account with the CDP (i.e. who hold Shares in scrip).**

Under the Bermuda Companies Act, only a person who agrees to become a shareholder of a Bermuda company and whose name is entered in the register of members of such a Bermuda company is considered a member with rights to attend and vote at general meetings of such company.

Accordingly, under Bermuda laws, a Depositor holding Shares through the CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the SGM, the Depositor would have to do so through the CDP appointing him as a proxy, pursuant to the Bye-laws of the Company and the Bermuda Companies Act.

Pursuant to Bye-law 77 of the Company's Bye-laws, unless the CDP specifies otherwise in a written notice to the Company, the CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company. Notwithstanding any other provisions in the Bye-laws, the appointment of proxies by virtue of Bye-law 77 shall not require an instrument of proxy or the lodgement of any instrument of proxy.

Accordingly, Depositors (other than Depositors which are corporations) whose names are listed in the Depository Register as at 48 hours before the time of the SGM may attend and vote as the CDP's proxies at the SGM without having to complete or return any form of proxy. A Depositor which is a corporation and who wishes to attend and vote at the SGM must complete and return the attached Depositor proxy form, for the nomination of

person(s) to attend and vote at the SGM on its behalf as CDP's proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's share transfer agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the SGM.

If an individual Depositor is unable to attend the SGM personally and wishes to appoint nominee(s) to attend the meeting and vote on his behalf, he must complete, sign and return the attached Depositor proxy form attached to this circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the SGM. The completion and return of the Depositor proxy form by a Depositor (who is an individual) will not prevent him from attending and voting in person at the SGM as a proxy of CDP if he subsequently wishes to do so, and in which event the Depositor proxy form submitted bearing his name shall be deemed to be revoked.

The results of the SGM will be published after the conclusion of the SGM on the websites of the Stock Exchange, the SGXNET and the Company.

BOARD'S APPROVAL AND RECOMMENDATION

No Directors has a material interest in the Proposed Acquisition and the Board has approved the Acquisition Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreement and its terms 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.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors should note that the Proposed Acquisition is subject to various Conditions which may or may not be fulfilled. There is therefore no assurance that the Proposed Acquisition will proceed and, if it proceeds, on what terms it may proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.

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

A. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2014 AND SIX MONTHS ENDED 30 JUNE 2015

Financial information of the Group for the three years ended 31 December 2014 and six months ended 30 June 2015 is set out on: (i) pages 45 to 120 of the annual report for the year ended 31 December 2014 of the Company published on 28 April 2015; (ii) pages 47 to 100 of the annual report for the year ended 31 December 2013 of the Company published on 24 March 2014; (iii) pages 51 to 108 of the annual report for the year ended 31 December 2012 of the Company published on 26 March 2013; and (iv) pages 4 to 26 of the interim report for the six months ended 30 June 2015, respectively, which are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the SGX-ST (www.sgx.com).

B. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Upon Completion, the Enlarged Group will be principally engaged in (i) the integrated utilization of natural gas including refilling station for vehicles and vessels as well as supplying to the industrial parks, commercial complex and local residents and other related products and LNG trading business; and (ii) printing of books, as well as the design and manufacturing of quality specialised products such as leather and Fabric bound diaries, journals and greeting cards.

(I) Natural gas business

The Group is optimistic about the long term economic development in the PRC. There are a number favorable policies launched by the PRC government which will enhance the development of natural gas industry in the PRC, including but not limited to (i) urbanization plan; (ii) the proposal for energy conservation and environmental protection; and (iii) action plans for eliminating highly polluting coal-fired boilers and replacing with natural gas-fired boilers among high energy consumption industries. Therefore, it is expected that there will be escalating demand for natural gas in the PRC for industrial, transportation and residential uses and the Group will continue to benefit from the development of the natural gas industry in the PRC.

Looking ahead, the Group will continue to expand its footprints for the natural gas business in the PRC. Amid the recent crackdown on corruption and shake-up of the energy sector in the PRC and trimming of international oil prices, it creates a window of opportunities to acquire natural gas projects with more rooms for negotiation on deal pricing. The Group will spare no efforts to explore potential merger and acquisition opportunities, which can enhance the market presence and financial return of the Group.

The Group also always strives to identify more potential low-cost natural gas sources. Recently, overseas LNG is on the downward price trend. In the PRC market, the imports of LNG has improved because the supply capacity and infrastructure of importing LNG is getting more available and up to date a total of 12 LNG terminals have been completed and launched for operation. Therefore, it is expected that utilizing imported LNG will be an important evolving trend in the natural gas market,

especially the cities along the coastal areas. The Group is exploring the opportunities to invest in LNG receiving terminals in PRC and identify certain overseas LNG sources with competitive pricing to import low-cost LNG and tap into the business of LNG trading in the PRC and/or to supply the Group's own LNG refueling stations. On 16 July 2015, the Company entered into an acquisition agreement to acquire Smart Rainbow Investments Limited, which holds the 10% interest in a LNG receiving terminal in Haikou and engages in the LNG trading business in the PRC. The Board believes that the abovementioned acquisition can facilitate the Group to tap into the LNG trading business in the PRC and also secure available overseas low-cost gas sources to be utilized in our own natural gas projects, which can further improve the profit margin.

For the six months ended 30 June 2015 ("HY 2015"), the Group's turnover generated from natural gas business amounted to approximately HK$42.2 million, an increase in HK$21.1 million from the corresponding period in 2014. The natural gas business of the Group recorded a segment profit of HK$40.8 million during HY2015, which increased significantly from HK$3.2 million for HY2014, owing to the scale of operations of our natural gas projects starting to ramp up during HY2015 and the gain recognised on disposal of subsidiaries in HY2015.

In addition to the Proposed Acquisition, the Group has acquired, agreed to acquire and/or proposed to acquire the following businesses and equity interests in companies since 31 December 2014, being the date to which the latest published audited accounts of the Company have been made up, whose profits or assets are expected to make a material contribution to the figures in the auditors' report or next published accounts of the Company:

(i) the acquisition of the entire equity interest of Energy Shell Limited at a consideration of HK$158,000,000 satisfied by the Group as to HK$17,500,000 in cash, HK$40,000,000 by the issue of promissory note and HK$100,500,000 by the allotment and issue of 251,250,000 consideration shares. Energy Shell Limited indirectly holds 100% in Tai'an Transportation and Shunchi Gas, respectively which are principally engaged in (i) the transportation of CNG and LNG; (ii) the wholesales of CNG and LNG; and (iii) the operation of the L-CNG refueling station in Shangdong province in the PRC. The acquisition constituted a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and was completed on 18 September 2015. Details of the acquisition were disclosed in the announcement of the Company dated 10 August 2015;

(ii) the acquisition of the entire equity interest in Faster Success Limited at a consideration of RMB13,000,000 satisfied by the Group as to RMB5,500,000 in cash and RMB7,500,000 by the allotment and issue of 24,019,737 consideration shares. Faster Success Limited indirectly holds the entire equity interest of Golden Best Inc, Shenzhen GDS Energy and Chiping Changlong Natural Gas. Golden Best Inc and Shenzhen GDS Energy are principally engaged in investment holding. Chiping Changlong Natural Gas

is principally engaged in the operation of a CNG refueling station for vehicles in Chiping County, Shandong province in the PRC. Major customers of the gas refuelling station include taxis and private cars that run on CNG. The acquisition constituted a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and was completed on 23 October 2015. Details of the acquisition were disclosed in the announcement of the Company dated 21 September 2015;

(iii) the acquisition of the entire equity interest in Smart Rainbow Investments Limited at a total consideration of HK$100,000,000 satisfied by the Group by the allotment and issue of 256,410,256 consideration shares. Smart Rainbow Investments Limited indirectly holds 10% equity interest in Shennan Energy. Shennan Energy currently owns and operates the Haikou LNG Terminal. The acquisition constituted a share transaction and a connected transaction of the Company pursuant to Chapter 14 and 14A of the Listing Rules and was completed on 26 October 2015. Details of the acquisition were disclosed in the announcement of the Company dated 16 July 2015 and the circular dated 26 August 2015;

(iv) the entering into a memorandum of understanding dated 9 December 2015 in relation to the proposed acquisition of certain equity interest in the target company which is wholly-owned subsidiary of the vendor. After the completion of the reorganization, the target company will hold 100% equity interest in 浙江博臣能源股份有限公司 (Zhejiang Bochen Energy Holding Co., Ltd.*). Zhejiang Bochen Energy Holding Co., Ltd. is mainly engaged in (i) LNG trading business and (ii) distribution of LNG directly to industrial users, with the support of the accompanying logistics infrastructure (including a fleet of over 36 LNG trucks). Details of the memorandum of understanding were disclosed in the announcement of the Company dated 9 December 2015. As at the Latest Practicable Date, the Company was conducting due diligence on the target company according to the memorandum of understanding; and

(v) the acquisition of the entire equity interest in a company (the "BVI Company") to be incorporated in the BVI by Beijing Gas for the purpose of acquiring the 51% interest of the Beijing Gas (Teng County) at a total consideration of HK$152,000,000 to be satisfied by the Group by the allotment and issue of 337,777,778 consideration shares. The BVI Company will indirectly hold 51% equity interest in Beijing Gas (Teng County). Beijing Gas (Teng County) is principally engaged in 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. The acquisition constituted a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules. Details of the transaction were disclosed in the announcement of the Company dated 6 January 2016.

The vendors of each of the acquisitions set out in paragraphs (i) to (v) above are independent with each other.

In addition, on 5 January 2016, the Company entered into the Beijing Gas Share Subscription Agreement and Beijing Gas CB Subscription Agreement with Beijing Gas.

The Directors do not expect material variation to the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring companies in consequence of the above mentioned acquisitions of the Group and the Proposed Acquisition.

(II) Printing business

Given the weak business sentiments in the printing market, the financial performance of the Group's printing business exhibited a decline in 2014. The Group's turnover generated from its printing business for the year ended 31 December 2014 amounted to approximately HK$143.3 million, representing a decrease of approximately 7.3% as compared to the year ended 31 December 2013. For the six months ended 30 June 2015, the Group's turnover generated from its printing business continued to decline to approximately HK$48.5 million, representing a decrease of approximately 13.5% as compared to that for the same period in 2014.

The printing business of the Group recorded a segment loss of HK$9.2 million during HY2015, as compared to a segment profit of HK$7.7 million during HY2014, due to the intense competition of the printing market during HY2015.

The business segment of sale of book and specialised products of the Group is facing intense competition in the printing market. The revenue and gross profit margin from the printing business is constantly declining and the printing business incurred a segment loss of HK$9.2 million for the six months ended 30 June 2015 as compared to a segment profit of HK$7.7 million during the corresponding period in 2014. Despite ongoing recovery of the economy of the United States and given the financial instability still in the European Union, the Group expects the printing business will face challenges in the coming years. On the contrary, riding on the escalating demand for natural gas in the PRC for industrial, transportation and residential uses, the Group will continue to benefit from the development of the segment of sales of natural gas and other related products. Therefore, after review of the principal business operations of the Group, the Board has resolved to gradually fade out and discontinue the printing business, in order to consolidate its resources to focus on the natural gas business, which is of expected high growth potentials.

It is expected that the fade out of the printing business can streamline the Group's business operations and also reduce the operating loss of the Group and is not expected to have any material adverse impact on the Group for the foreseeable future. Looking ahead, the Group will focus on the natural gas business and continue to expand its footprints of the natural gas business in the PRC.

C. INDEBTEDNESS STATEMENT

At as the close of business on 31 December 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had:

a. unsecured and unguaranteed convertible notes with outstanding carrying amount of approximately HK$245,526,312;

b. unsecured and unguaranteed corporate bonds with outstanding carrying amount of HK$172,739,857;

c. bank borrowings of approximately HK$3,680,000, which were secured by (i) letters of undertaking issued by the Company and one of its subsidiaries and (ii) corporate guarantee issued by the Company and certain of its subsidiaries; and

d. obligation under finance lease of approximately HK$19,463,000, which were guaranteed and secured by certain of the Enlarged Group's equipment and motor cars.

As at the close of business on 31 December 2015, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 31 December 2015, the Enlarged Group did not have any material mortgages, charges, debentures, loan capital, debt securities, term loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade payables) or acceptance credits, guarantees or other material contingent liabilities.

D. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Completion and the present financial resources available to the Enlarged Group, including internally generated funds, and other available banking and other facilities, the Enlarged Group will have sufficient working capital to meet its present requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

E. MATERIAL ADVERSE CHANGE

The Directors are not aware as at the Latest Practicable Date of any material adverse change in the financial and trading position or prospects of the Group since 31 December 2014, being the date to which the Company's latest published audited accounts were made up.

The following is the text of a report on Hainan Zhongyou Jiarun Group, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

25 February 2016

The Board of Directors
Blue Sky Power Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Hainan Zhongyou Jiarun Natural Gas Co., Limited ("Hainan Zhongyou Jiarun") and its subsidiaries (together with Hainan Zhongyou Jiarun collectively referred to as the " Hainan Zhongyou Jiarun Group") for each of the three years ended 31 December 2014 and eight months ended 31 August 2015 (the "Relevant Periods") for inclusion in a circular issued by Blue Sky Power Holdings Limited (the "Company") dated 25 February 2016 (the "Circular") in connection with the major transaction in relation to the proposed acquisition of the entire issued share capital of Fox Smart Ltd. (the "Acquisition").

Hainan Zhongyou Jiarun, which is principally engaged in the investment and sales and distribution of liquified natural gas ("LNG") by operation of gas refuelling stations for vehicles and gasification station in Hainan Province, the People's Republic of China (the "PRC"), was established in the PRC as a private limited liability company on 30 March 2006. The address of its registered office is Room 1905, Yaxi Building, No. 16 Haifu Road, Haikou City, China.

The particulars of Hainan Zhongyou Jiarun's subsidiaries are as follows:

Name of the company	Place of establishment	Date of establishment	Registered capital as at 31 August 2015	Principal activities
Anhui Zhongyou Jiarun Co., Limited ("Anhui Zhongyou Jiarun")	PRC	6 April 2011	Renminbi ("RMB") 10,000	Sales and distribution of LNG through movable LNG refuelling equipment for vehicles*

Name of the company	Place of establishment	Date of establishment	Registered capital as at 31 August 2015	Principal activities
Hefei Kunlun Energy Co., Limited ("Hefei Kunlun")	PRC	1 August 2012	RMB10,000	Sales and distribution of LNG through refuelling stations for vehicles and movable LNG refuelling equipments for vehicles and LNG trading business

* The trial operations ceased in year of 2014, and no operation during the 2015 period.

Anhui Zhongyou Jiarun is wholly owned by Hainan Zhongyou Jiarun and 70% of the equity interest in Hefei Kunlun is owned by Hainan Zhongyou Jiarun as at 31 December 2012, 2013 and 2014 and 31 August 2015 and up to the date of this report.

All companies comprising the Hainan Zhongyou Jiarun Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies comprising the Hainan Zhongyou Jiarun Group for the Relevant Periods were prepared in accordance with Chinese Accounting Standards ("CASs") issued by China Accounting Standard Committee and were audited by the following certified public accountants:

Name of subsidiaries	Accounting principles and financial regulations	Financial period/year	Name of auditors
Hainan Zhongyou Jiarun	CASs	For the years ended 31 December 2012, 31 December 2013 and 31 December 2014	致同會計師事務所 (Grant Thornton)
Anhui Zhongyou Jiarun	CASs	For the period from 1 August 2012 (date of establishment) to 31 December 2012, years ended 31 December 2013 and 31 December 2014	致同會計師事務所 (Grant Thornton)
Hefei Kunlun	CASs	For the years ended 31 December 2012, 31 December 2013 and 31 December 2014	致同會計師事務所 (Grant Thornton)

For the purpose of this report, the directors of Hainan Zhongyou Jiarun have prepared the consolidated financial statements of the Hainan Zhongyou Jiarun Group for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standard Board (the "IASB") (the "Underlying Financial Statements"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in note 1 of Section A below. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing on report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Hainan Zhongyou Jiarun who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun as at 31 December 2012, 31 December 2013, 31 December 2014 and 31 August 2015 and the financial performance and cash flows of the Hainan Zhongyou Jiarun Group for the Relevant Periods.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Hainan Zhongyou Jiarun Group for the eight months ended 31 August 2014 together with the notes thereon have been extracted from the Hainan Zhongyou Jiarun Group's unaudited financial information for the same period (the "31 August 2014 Financial Information") which was prepared by the directors of Hainan Zhongyou Jiarun solely for the purpose of this report. We have reviewed the 31 August 2014 Financial Information in accordance with the Hong Kong Standard of Review Engagements 2400 "Engagements to Review Historical Financial Statements" issued by the HKICPA. Our review of the 31 August 2014 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 August 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 August 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

(A) FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Eight months ended 31 August	
		2012	2013	2014	2014	2015
	NOTES	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
Revenue	5	77,941	100,678	192,416	128,818	125,033
Cost of sales		(68,850)	(87,277)	(172,934)	(117,383)	(109,476)
Gross profit		9,091	13,401	19,482	11,435	15,557
Other income	7	5,281	1,544	1,582	746	1,306
Other gains and losses	7	(1,245)	(224)	(2,460)	—	—
Distribution and selling expenses		(7,536)	(7,711)	(8,299)	(4,912)	(6,117)
Administrative expenses		(10,236)	(9,324)	(10,514)	(5,771)	(6,304)
Finance costs	8	(1,421)	(3,225)	(3,868)	(1,935)	(2,497)
(Loss) profit before taxation	9	(6,066)	(5,539)	(4,077)	(437)	1,945
Taxation	10	(271)	(306)	(395)	(148)	(466)
(Loss) profit for the year/period		(6,337)	(5,845)	(4,472)	(585)	1,479
Other comprehensive income (expense)						
Items that may not be reclassified subsequently to profit or loss:						
Exchange differences arising on translation to presentation currency		34	513	(69)	(112)	(303)
Total comprehensive (expense) income for the year/period		(6,303)	(5,332)	(4,541)	(697)	1,176
(Loss) profit for the year/period attributable to:						
Owners of the Company		(5,791)	(4,950)	(4,498)	(696)	1,160
Non-controlling interests		(546)	(895)	26	111	319
		(6,337)	(5,845)	(4,472)	(585)	1,479
Total comprehensive (expense) income attributable to:						
Owners of the Company		(5,753)	(4,529)	(4,555)	(788)	954
Non-controlling interests		(550)	(803)	14	91	222
		(6,303)	(5,332)	(4,541)	(697)	1,176

Consolidated Statements of Financial Position

	NOTES	As at 31 December 2012 HKD'000	2013 HKD'000	2014 HKD'000	As at 31 August 2015 HKD'000
Non-current assets					
Property, plant and equipment	13	22,406	49,217	45,885	42,468
Prepaid lease payments	14	101	261	217	189
Deposits paid for acquisition of property, plant and equipment		108	1,036	999	1,310
		22,615	50,514	47,101	43,967
Current assets					
Inventories	15	318	319	890	470
Prepaid lease payments	14	101	310	343	748
Trade and other receivables	16	8,165	7,610	7,169	9,742
Amount due from immediate holding company	17	1,625	5,430	9,429	2,113
Amounts due from related companies	17	691	3,991	2,304	826
Bank balances and cash	18	21,778	13,325	699	7,444
		32,678	30,985	20,834	21,343
Current liabilities					
Trade and other payables	19	2,798	10,525	10,966	10,615
Amount due to immediate holding company	20	2,524	7,471	1,099	71
Amount due to a fellow subsidiary	20	—	—	2,108	2,408
Amounts due to related companies	20	288	315	330	314
Tax payable		—	—	165	19
Loans from immediate holding company	21	31,957	50,794	45,472	43,822
		37,567	69,105	60,140	57,249
Net current liabilities		(4,889)	(38,120)	(39,306)	(35,906)
Net assets		17,726	12,394	7,795	8,061
Capital and reserves					
Capital	22	19,874	19,874	19,874	19,874
Reserves		(5,290)	(9,819)	(14,432)	(14,388)
Equity attributable to owners of the Company		14,584	10,055	5,442	5,486
Non-controlling interests		3,142	2,339	2,353	2,575
Total equity		17,726	12,394	7,795	8,061

Statements of Financial Position

	NOTES	As at 31 December 2012 HKD'000	2013 HKD'000	2014 HKD'000	As at 31 August 2015 HKD'000
Non-current assets					
Property, plant and equipment	13	13,175	13,137	12,739	11,465
Investment in subsidiaries	23	8,604	8,889	8,842	8,521
Deposits paid for acquisition of property, plant and equipment		—	385	—	—
		21,779	22,411	21,581	19,986
Current assets					
Inventories	15	222	185	333	192
Trade and other receivables	16	5,622	2,870	2,670	5,182
Amount due from immediate holding company	17	1,625	4,835	9,429	2,113
Amount due from a subsidiary	17	461	—	253	1,451
Amounts due from related companies	17	563	582	580	559
Bank balances and cash	18	5,609	2,260	326	3,030
		14,102	10,732	13,591	12,527
Current liabilities					
Trade and other payables	19	2,413	770	1,517	2,479
Amount due to immediate holding company	20	2,524	7,471	1,099	71
Amount due to a subsidiary	20	—	—	4,560	1,657
Amounts due to a fellow subsidiary	20	—	—	2,108	2,408
Tax payable		—	—	165	19
Loan from immediate holding company	21	19,666	12,698	12,631	12,173
		24,603	20,939	22,080	18,807
Net current liabilities		(10,501)	(10,207)	(8,489)	(6,280)
Net assets		11,278	12,204	13,092	13,706
Capital and reserves					
Capital	22	19,874	19,874	19,874	19,874
Reserves		(8,596)	(7,670)	(6,782)	(6,168)
Total equity		11,278	12,204	13,092	13,706

Consolidated Statements of Changes in Equity

	Capital *HKD'000*	Translation reserve *HKD'000*	Statutory surplus reserves *HKD'000*	Retained profits *HKD'000*	Total *HKD'000*	Non-controlling interest *HKD'000*	Total *HKD'000*
At 1 January 2012	19,874	4,600	—	(4,137)	20,337	—	20,337
Loss for the year	—	—	—	(5,791)	(5,791)	(546)	(6,337)
Exchange differences arising on translation to presentation currency	—	38	—	—	38	(4)	34
Total comprehensive income (expense) for the year	—	38	—	(5,791)	(5,753)	(550)	(6,303)
Capital contribution from non-controlling shareholder upon incorporation of non-wholly owned subsidiary	—	—	—	—	—	3,692	3,692
At 31 December 2012	19,874	4,638	—	(9,928)	14,584	3,142	17,726
Loss for the year	—	—	—	(4,950)	(4,950)	(895)	(5,845)
Exchange differences arising on translation to presentation currency	—	421	—	—	421	92	513
Total comprehensive income (expense) for the year	—	421	—	(4,950)	(4,529)	(803)	(5,332)
Appropriations	—	—	6	(6)	—	—	—
At 31 December 2013	19,874	5,059	6	(14,884)	10,055	2,339	12,394
Loss for the year	—	—	—	(4,498)	(4,498)	26	(4,472)
Exchange differences arising on translation to presentation currency	—	(57)	—	—	(57)	(12)	(69)
Total comprehensive (expense) income for the year	—	(57)	—	(4,498)	(4,555)	14	(4,541)
Appropriations	—	—	102	(102)	—	—	—
Dividend paid	—	—	—	(58)	(58)	—	(58)
At 31 December 2014	19,874	5,002	108	(19,542)	5,442	2,353	7,795
Profit for the period	—	—	—	1,160	1,160	319	1,479
Exchange differences arising on translation to presentation currency	—	(206)	—	—	(206)	(97)	(303)
Total comprehensive income for the period	—	(206)	—	1,160	954	222	1,176
Dividend paid	—	—	—	(910)	(910)	—	(910)
At 31 August 2015	19,874	4,796	108	(19,292)	5,486	2,575	8,061
Unaudited							
At 1 January 2014	19,874	5,059	6	(14,884)	10,055	2,339	12,394
Loss for the period	—	—	—	(696)	(696)	111	(585)
Exchange differences arising on translation to presentation currency	—	(92)	—	—	(92)	(20)	(112)
Total comprehensive (expense) income for the period	—	(92)	—	(696)	(788)	91	(697)
Dividend paid	—	—	—	(58)	(58)	—	(58)
At 31 August 2014	19,874	4,967	6	(15,638)	9,209	2,430	11,639

Note: The statutory surplus reserves represent enterprise development and general reserve funds appropriated from the profit after taxation of subsidiaries established in the PRC in accordance with the PRC rules and regulations.

Consolidated Statements of Cash Flows

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
OPERATING ACTIVITIES					
(Loss) profit before taxation	(6,066)	(5,539)	(4,077)	(437)	1,945
Adjustments for:					
Impairment losses on trade receivables	243	47	159	—	—
Impairment (reversal of impairment) losses on other receivables	917	177	(26)	—	—
Finance costs	1,421	3,225	3,868	1,935	2,497
Depreciation of property, plant and equipment	2,187	2,310	3,307	2,205	2,506
Impairment loss on property, plant and equipment	—	—	2,281	—	—
Loss on disposal of property, plant and equipment	65	—	46	—	—
Interest income	(40)	(53)	(100)	(67)	(262)
Amortisation of prepaid lease payment	27	235	587	458	659
Operating cash flows before movements in working capital	(1,246)	402	6,045	4,094	7,345
(Increase) decrease in inventories	(102)	10	(573)	(585)	388
Decrease (increase) in trade receivables	731	1,446	1,253	2,030	(3,020)
Decrease (increase) in prepayments and other receivables	(1,680)	(845)	(985)	(8,789)	186
Decrease (increase) in amount due from immediate holding company	248	(3,751)	(4,028)	5,350	6,974
Decrease (increase) in amount due from related companies	1,133	(3,277)	1,666	2,056	1,394
(Decrease) increase in trade payables	(1,009)	5,214	(2,657)	(688)	136
(Decrease) increase in other payable and accrued charge	(149)	(1,434)	1,558	4,299	(90)
Increase (decrease) in amount due to immediate holding company	476	4,863	(6,332)	(5,753)	(988)
Increase in amount due to a fellow subsidiary	—	—	2,108	—	376
Increase (decrease) in amount due to related companies	58	17	17	224	(4)
Cash generated from (used in) operations	(1,540)	2,645	(1,928)	2,238	12,697
Income tax paid	(271)	(306)	(230)	—	(612)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(1,811)	2,339	(2,158)	2,238	12,085

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(6,184)	(24,287)	—	—	—
Interest received	40	53	100	67	262
Payments for prepay lease payment	(229)	(604)	(576)	(212)	(1,036)
Deposits paid for purchase of property, plant and equipment	(108)	(1,034)	(1,004)	—	(1,033)
Proceeds from disposal of property, plant and equipment	108	214	66	—	—
NET CASH USED IN INVESTING ACTIVITIES	(6,373)	(25,658)	(1,414)	(145)	(1,807)
FINANCING ACTIVITIES					
Dividend paid	—	—	(58)	(58)	(910)
Loans from immediate holding company	19,666	17,778	—	—	—
Repayment of loans from immediate holding company	—	—	(5,053)	(5,034)	—
Interest paid	(1,421)	(3,225)	(3,868)	(1,935)	(2,497)
Capital injection from non-controlling interest of a subsidiary	3,692	—	—	—	—
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	21,937	14,553	(8,979)	(7,027)	(3,407)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,753	(8,766)	(12,551)	(4,934)	6,871
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	8,007	21,778	13,325	13,325	699
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	18	313	(75)	(301)	(126)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	21,778	13,325	699	8,090	7,444

Notes to Financial Information

1. GENERAL BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Hainan Zhongyou Jiarun, in which 海南中油深南技術開發有限公司 (Hainan Zhongyou Shennan Technology Development Co., Ltd.*) and 海南亞希投資有限公司 (Hainan Yaxi Investment Company*) has 60% and 40% interest respectively, was established in the PRC as a private limited liability company on 30 June 2006. The ultimate holding company of Hainan Zhongyou Jiarun is China National Petroleum Corporation, a Chinese State-owned oil and gas operation. It is principally engaged in the investment and sales and distribution of liquified natural gas ("LNG") by operation of gas refuelling stations for vehicles and gasification station in Hainan Province, the PRC. The address of its registered office and principal place of business is Room 1905, Yaxi Building, No.16 Haifu Road, Haikou City, China.

For convenience of the users of the financial statements, the Financial Information is presented in Hong Kong dollars ("HK$"). The functional currency of Hainan Zhongyou Jiarun and its subsidiaries is RMB.

In the preparation of the Financial Information, the directors of Hainan Zhongyou Jiarun have given due and careful consideration of the liquidity of the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun in light of the Hainan Zhongyou Jiarun Group's and Hainan Zhongyou Jiarun's net current liabilities of HK$35,906,000 and of HK$6,280,000, respectively, as at 31 August 2015. The directors are of the opinion that 海南中油深南技術開發有限公司 (Hainan Zhongyou Shennan Technology Development Co., Ltd.*), the immediate holding company has agreed to provide adequate funds within twelve months from the end of the reporting period to enable Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the Financial Information has been prepared on a going concern basis.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Hainan Zhongyou Jiarun Group has consistently applied IFRSs issued by the IASB that are effective for the Hainan Zhongyou Jiarun Group's annual accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

The Hainan Zhongyou Jiarun Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[4]
Amendments to IFRS 10, IFRS12 and IAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to IAS 1	Disclosure initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[2]
Amendments to IAS 27	Equity method in separate financial statements[2]
Amendments to IFRSs	Annual improvements to HKFRSs 2012–2014 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2016.
3 The effective date is yet to be determined.
4 Effective for annual periods beginning on or after 1 January 2019.

IFRS 15 "Revenue from contracts with customers"

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

It is not practicable to provide a reasonable estimate of the effect of application of IFRS 15 until a detailed review has been completed.

The directors of Hainan Zhongyou Jiarun anticipate that the application of the other new and revised IFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform to IFRSs issued by the IASB. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Hainan Zhongyou Jiarun Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based payment", leasing transactions that are within the scope of International Accounting Standards ("IAS") 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of Hainan Zhongyou Jiarun and entities controlled by Hainan Zhongyou Jiarun and its subsidiaries. Control is achieved when Hainan Zhongyou Jiarun:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Hainan Zhongyou Jiarun Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Hainan Zhongyou Jiarun Group obtains control over the subsidiary and ceases when the Hainan Zhongyou Jiarun Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Hainan Zhongyou Jiarun Group gains control until the date when the Hainan Zhongyou Jiarun Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Hainan Zhongyou Jiarun Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Hainan Zhongyou Jiarun Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Hainan Zhongyou Jiarun's statements of financial position at cost less any identified impairments loss. The results of the subsidiaries are accounted for on the basis of dividends received or receivable.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Hainan Zhongyou Jiarun Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Hainan Zhongyou Jiarun Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Hainan Zhongyou Jiarun Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Hainan Zhongyou Jiarun Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

Properties in the course of construction for production and administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Hainan Zhongyou Jiarun Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment loss on tangible and intangible assets

At the end of the reporting period, the Hainan Zhongyou Jiarun Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Hainan Zhongyou Jiarun Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a

reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Hainan Zhongyou Jiarun Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, bank balances and cash and amounts due from immediate holding company, a subsidiary and related companies) are measured at amortised cost using the effective interest method, less any identified impairment (see accounting policy on impairment of financial assets below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Hainan Zhongyou Jiarun Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on trade receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

The Hainan Zhongyou Jiarun Group's financial liabilities including trade payable, other payables and accrued charges, amounts due to immediate holding company, a subsidiary and related companies and loan from immediate holding company are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Hainan Zhongyou Jiarun Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Hainan Zhongyou Jiarun Group derecognises financial liabilities when, and only when, the Hainan Zhongyou Jiarun Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Hainan Zhongyou Jiarun Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Hainan Zhongyou Jiarun Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Hainan Zhongyou Jiarun Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Hainan Zhongyou Jiarun Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business consolidation) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Hainan Zhongyou Jiarun Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Hainan Zhongyou Jiarun Group are translated into the presentation currency of the Hainan Zhongyou Jiarun Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Hainan Zhongyou Jiarun Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful life of property, plant and equipment

Property, plant and equipment are depreciated over their useful economic lives. The assessment of estimated useful lives is a matter of judgment based on the experience of the Hainan Zhongyou Jiarun Group's management, taking into account factors such as technological process, conditions of property, plant and equipment and changes in market demand. Useful lives are periodically reviewed for continued appropriateness.

The carrying amount of property, plant and equipment was HK$22,406,000, HK$49,217,000, HK$45,885,000 and HK$42,468,000, as at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively.

5. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable from the sales of goods by the Hainan Zhongyou Jiarun Group to outside customers for the year.

The Hainan Zhongyou Jiarun Group's operation is mainly derived from the sales and distribution of LNG in the PRC during the Relevant Periods. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of Hainan Zhongyou Jiarun) reviews the overall results and financial position of the Hainan Zhongyou Jiarun Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Hainan Zhongyou Jiarun Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Hainan Zhongyou Jiarun Group's revenue are all derived from the PRC based on the location of services delivered and the Hainan Zhongyou Jiarun Group's property, plant and equipment are all located in the PRC by physical location of assets.

Information about major customers

There is no single customers contributing over 10% of the total revenue of Hainan Zhongyou Jiarun Group during the Relevant Periods.

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

During the Relevant Periods, the emoluments paid or payable by the entities comprising the Hainan Zhongyou Jiarun Group to the directors of Hainan Zhongyou Jiarun ("Directors") were as follows:

	謝冰 (Xie Bing*)	仉長明 (Zhang Chang Ming*)	宋娜 (Song Na*)	劉里 (Liu Li*)	胡東東 (Hu Dong Dong*)	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2012						
Fees	—	—	—	—	—	—
Other emoluments						
Salaries	—	—	—	168	—	168
Retirement benefit scheme contributions	—	—	—	—	—	—
Total emoluments	—	—	—	168	—	168
Year ended 31 December 2013						
Fees	—	—	—	—	—	—
Other emoluments						
Salaries and other benefits	—	—	—	196	192	388
Retirement benefit scheme contributions	—	—	—	—	—	—
Total emoluments	—	—	—	196	192	388
Year ended 31 December 2014						
Fees	—	—	—	—	—	—
Other emoluments						
Salaries and other benefits	—	—	—	199	194	393
Retirement benefit scheme contributions	—	—	—	39	—	39
Total emoluments	—	—	—	238	194	432
Eight months ended 31 August 2014 (unaudited)						
Fees	—	—	—	—	—	—
Other emoluments						
Salaries and other benefits	—	—	—	132	129	261
Retirement benefit scheme contributions	—	—	—	26	—	26
Total emoluments	—	—	—	158	129	287
Eight months ended 31 August 2015						
Fees	—	—	—	—	—	—
Other emoluments						
Salaries and other benefits	—	—	—	139	136	275
Retirement benefit scheme contributions	—	—	—	26	—	26
Total emoluments	—	—	—	165	136	301

謝冰(Xie Bing*) is the Chief Executive of the Company.

During the Relevant Periods, no remuneration was paid by the Hainan Zhongyou Jiarun Group to the directors as an inducement to join or upon joining the Hainan Zhongyou Jiarun Group or as compensation for loss of office.

胡東東(Hu Dong Dong*) was appointed as directors on 2013.

(b) Employees' emoluments

For the year ended 31 December 2012, the five highest paid individuals included one director and whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining four individuals were individually less than HK$1,000,000. For the years ended 31 December 2013 and 2014 and eight months ended 31 August 2014 and 2015, the five highest paid individuals included two directors whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three individuals, which were individually less than HK$1,000,000, were as follows:

	Year ended 31 December			Eight months ended 31 August	
	2012	**2013**	**2014**	**2014**	**2015**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
Salaries and other benefits	448	548	720	441	465
Retirement benefit scheme contributions	10	21	30	20	21
	458	569	750	461	486

During the Relevant Periods, no emoluments were paid by the Hainan Zhongyou Jiarun Group to the five highest paid individuals as an inducement to join or upon joining the Hainan Zhongyou Jiarun Group or as compensation for loss of office.

7. OTHER INCOME AND OTHER GAINS AND LOSSES

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
Other income					
Bank interest income	40	53	100	36	262
Government subsidy *(Note)*	3,423	—	—	—	—
Others	1,818	1,491	1,482	710	1,044
	5,281	1,544	1,582	746	1,306
Other (gains) and losses					
Allowance for bad and doubtful debts	243	47	159	—	—
Loss on disposal of property, plant and equipment	65	—	46	—	—
Impairment loss on property, plant and equipment	—	—	2,281	—	—
Allowance for (reversal of allowance for) other receivables	937	177	(26)	—	—
	1,245	224	2,460	—	—

Note: The amount represented subsidy from Hainan government for every ton of LNG imported outside of Hainan province, as the government wanted to motivate gas sellers to import more gas from outside.

8. FINANCE COSTS

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
Finance costs represent interest on:					
— loans from immediate holding company	1,421	3,225	3,868	1,935	2,497

9. (LOSS) PROFIT BEFORE TAXATION

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
(Loss) profit before taxation has been arrived at after charging:					
Auditor's remuneration	31	31	30	—	—
Directors' emoluments *(note 6)*	168	388	432	287	301
Other staff costs:					
Salaries and other allowances	4,370	5,257	5,450	3,639	2,906
Bonus	—	—	—	—	—
Retirement benefits scheme contributions	531	429	548	311	336
Total staff costs	4,901	5,686	5,998	3,950	3,242
Depreciation of property, plant and equipment	2,187	2,310	3,307	2,205	2,506
Inventories recognised as an expense	68,850	87,277	172,934	117,383	109,476
Amortisation of prepaid lease payment	27	235	587	458	659

10. TAXATION

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
PRC Enterprise Income Tax ("EIT"):					
Current year/period	271	306	395	148	466

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applied to companies comprising the Hainan Zhongyou Jiarun Group is 25% for the Relevant Periods.

The taxation for the year/period can be reconciled to the (loss) profit before taxation as follows:

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
(Loss) profit before taxation	(6,066)	(5,539)	(4,077)	(437)	1,946
Taxation at PRC EIT rate of 25%	(1,517)	(1,385)	(1,019)	(109)	487
Tax effect of expenses not deductible for tax purposes	311	56	615	—	—
Tax effect of tax losses not recognised	1,477	1,635	799	257	—
Utilisation of tax losses previously not recognised	—	—	—	—	(21)
Taxation for the year/period	271	306	395	148	466

At 31 December 2012, 2013 and 2014 and 31 August 2015, the Hainan Group has estimated unused tax losses of approximately HK$8,756,000, HK$15,296,000, HK$18,492,000 and HK$18,492,000, respectively, available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All the unrecognised tax losses will expire within 5 years from the date when such losses arose.

11. DIVIDEND

During the year ended 31 December 2014, Hainan Zhongyan Jiarun declared and paid dividends of RMB46,000 (equivalent to approximately HK$58,000) to its shareholders, 海南中油深南技術開發有限公司 (Hainan Zhongyou Shennan Technology Development Co., Ltd.*) and 海南亞希投資有限公司 (Hainan Yaxi Investment Company*).

During the period ended 31 August 2015, Hainan Zhongyan Jiarun declared and paid dividends of RMB721,000 (equivalent to approximately HK$910,000) to its shareholders, 海南中油深南技術開發有限公司 (Hainan Zhongyou Shennan Technology Development Co., Ltd.*) and 海南亞希投資有限公司 (Hainan Yaxi Investment Company*).

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

The Hainan Zhongyou Jiarun Group

	Construction in progress	Buildings	Plant and machinery	Furniture and fixture	Motor vehicles	Leasehold improvements	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
COST							
At 1 January 2012	493	3,067	15,754	618	2,132	40	22,104
Additions	626	—	4,269	173	1,114	2	6,184
Disposal	—	—	—	—	(252)	—	(252)
Exchange difference	—	4	18	1	2	—	25
At 31 December 2012	1,119	3,071	20,041	792	2,996	42	28,061
Additions	16,712	—	11,222	120	176	21	28,251
Disposal	—	—	(337)	—	—	—	(337)
Transfer	(5,968)	—	5,968	—	—	—	—
Exchange difference	180	102	889	28	100	2	1,301
At 31 December 2013	12,043	3,173	37,783	940	3,272	65	57,276
Additions	1,249	—	1,187	187	—	8	2,631
Disposal	(67)	—	—	(82)	—	—	(149)
Exchange difference	(67)	(17)	(197)	(5)	(17)	—	(303)
Transfer	(3,527)	—	3,527	—	—	—	—
At 31 December 2014	9,631	3,157	42,300	1,040	3,255	73	59,455
Additions	590	—	94	2	—	—	686
Exchange difference	(288)	(115)	(1,538)	(38)	(118)	(3)	(2,100)
Disposal	—	—	—	—	—	—	—
At 31 August 2015	9,933	3,041	40,856	1,004	3,137	70	58,041
DEPRECIATION AND IMPAIRMENT							
At 1 January 2012	—	76	2,881	152	417	21	3,547
Provided for the year	—	91	1,668	108	314	6	2,187
Eliminated on disposal	—	—	—	—	(80)	—	(80)
Exchange difference	—	—	1	—	—	—	1
At 31 December 2012	—	167	4,550	260	651	27	5,655
Provided for the year	—	93	1,842	94	274	7	2,310
Eliminated on disposal	—	—	(123)	—	—	—	(123)
Exchange difference	—	7	174	10	25	1	217
At 31 December 2013	—	267	6,443	364	950	35	8,059
Provided for the year	—	94	2,812	116	276	9	3,307
Impairment	2,281	—	—	—	—	—	2,281
Eliminated on disposal	—	—	—	(37)	—	—	(37)
Exchange difference	—	(1)	(32)	(2)	(5)	—	(41)
At 31 December 2014	2,281	360	9,223	441	1,221	44	13,570
Provided for the period	—	63	2,152	96	179	17	2,506
Exchange difference	—	(15)	(415)	(19)	(51)	(3)	(503)
At 31 August 2015	2,281	407	10,960	518	1,349	58	15,573
CARRYING AMOUNTS							
At 31 December 2012	1,119	2,904	15,491	532	2,345	15	22,406
At 31 December 2013	12,043	2,906	31,340	576	2,322	30	49,217
At 31 December 2014	7,350	2,796	33,077	599	2,034	29	45,885
At 31 August 2015	7,652	2,634	29,896	486	1,788	12	42,468

Hainan Zhongyou Jiarun

	Construction in progress	Buildings	Plant and machinery	Furniture and fixture	Motor vehicles	Leasehold improvements	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
COST							
At 1 January 2012	369	3,067	11,777	522	1,479	40	17,254
Additions	7	—	272	56	259	2	596
Disposal	—	—	—	—	(252)	—	(252)
Exchange difference	—	4	16	1	2	—	23
At 31 December 2012	376	3,071	12,065	579	1,488	42	17,621
Additions	591	—	87	11	—	21	710
Exchange difference	20	102	401	19	49	2	593
At 31 December 2013	987	3,173	12,553	609	1,537	65	18,924
Additions	302	—	487	128	—	8	925
Disposal	—	—	—	(82)	—	—	(82)
Exchange difference	(5)	(17)	(66)	(3)	(8)	—	(99)
Transfer	(712)	—	712	—	—	—	—
At 31 December 2014	572	3,156	13,686	652	1,529	73	19,668
Additions	6	—	38	—	—	—	44
Exchange difference	(21)	(115)	(498)	(24)	(55)	(3)	(716)
At 31 August 2015	557	3,041	13,226	628	1,474	70	18,996
DEPRECIATION							
At 1 January 2012	—	76	2,698	144	363	21	3,302
Provided for the year	—	91	881	79	166	6	1,223
Eliminated on disposal	—	—	—	—	(80)	—	(80)
Exchange difference	—	—	1	—	—	—	1
At 31 December 2012	—	167	3,580	223	449	27	4,446
Provided for the year	—	93	821	72	185	7	1,178
Exchange difference	—	7	130	8	17	1	163
At 31 December 2013	—	267	4,531	303	651	35	5,787
Provided for the year	—	94	854	79	172	9	1,208
Eliminated on disposal	—	—	—	(37)	—	—	(37)
Exchange difference	—	(1)	(23)	(2)	(3)	—	(29)
At 31 December 2014	—	360	5,362	343	820	44	6,929
Provided for the period	—	63	632	67	109	17	888
Disposal	—	—	—	—	—	—	—
Exchange difference	—	(16)	(218)	(15)	(34)	(3)	(286)
At 31 August 2015	—	407	5,776	395	895	58	7,531
CARRYING AMOUNTS							
At 31 December 2012	376	2,904	8,485	356	1,039	15	13,175
At 31 December 2013	987	2,906	8,022	306	886	30	13,137
At 31 December 2014	572	2,796	8,324	309	709	29	12,739
At 31 August 2015	557	2,634	7,450	233	579	12	11,465

The above items of property, plant and equipment, other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Buildings	3.33%
Plant and machinery	7.14% to 20%
Furniture and fixture	10% to 20%
Motor vehicles	12.5 to 20%
Leasehold improvement	20%

The construction in progress comprises mainly the LNG stations in the course of construction and machinery in installation.

Note: During the year ended 31 December 2014, the construction project of a LNG refilling vessel was ceased, and the directors of Hainan Zhongyou Jiarun Group consider there is no residual value for the construction in progress, therefore they provided impairment of HK$2,281,000 for the full amount.

14. PREPAID LEASE PAYMENTS

The Hainan Zhongyou Jiarun Group

The carrying amount of prepaid lease payments of the Hainan Zhongyou Jiarun Group on which the Hainan Zhongyou Jiarun Group's buildings as disclosed in note 13 are located, are analysed for reporting purposes as follows:

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Non-current assets	101	261	217	189
Current assets	101	310	343	748
	202	571	560	937

The payments for prepaid lease payments are under short to medium-term leases in the PRC and is amortised over their respective lease terms which ranged from 3 years to 20 years on a straight-line basis.

15. INVENTORIES

The amount represents inventories of LNG at the balance sheet dates.

16. TRADE AND OTHER RECEIVABLES

The Hainan Zhongyou Jiarun Group

		As at 31 December			As at 31 August
		2012	2013	2014	2015
	Notes	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Trade receivables		6,010	4,764	3,485	6,378
Less: Allowance for bad and doubtful debts	(c)	(386)	(447)	(603)	(581)
Total trade receivables	(a), (b)	5,624	4,317	2,882	5,797
Prepayments to suppliers		841	1,493	1,788	1,805
Prepayments and other receivables		3,096	3,421	4,085	3,668
Less: Allowance for bad and doubtful debts	(d)	(1,396)	(1,621)	(1,586)	(1,528)
Total trade and other receivables	(a), (b)	8,165	7,610	7,169	9,742

Hainan Zhongyou Jiarun

		As at 31 December			As at 31 August
		2012	2013	2014	2015
	Notes	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Trade receivables		5,691	2,774	2,762	5,206
Less: Allowance for bad and doubtful debts	(c)	(386)	(399)	(474)	(457)
Total trade receivables	(a), (b)	5,305	2,375	2,288	4,749
Prepayments and other receivables		472	655	592	635
Less: Allowance for bad and doubtful debts	(d)	(155)	(160)	(210)	(202)
Total trade and other receivables	(a), (b)	5,622	2,870	2,670	5,182

Notes:

(a) The Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun allow credit period of 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment losses presented based on the invoice date which approximates the revenue recognition dates at the end of the reporting periods.

The Hainan Zhongyou Jiarun Group

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade receivable				
0–90 days	4,559	2,987	1,633	5,315
91–120 days	263	86	—	98
121–180 days	504	—	102	44
181 days to 365 days	223	1,244	280	156
Over one year but less than 2 years	75	—	867	184
Total	5,624	4,317	2,882	5,797

Hainan Zhongyou Jiarun

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade receivable				
0–90 days	4,394	1,313	1,233	4,338
91–120 days	207	—	—	66
121–180 days	502	—	102	44
181 days to 365 days	202	1,062	91	156
Over one year but less than 2 years	—	—	862	145
Total	5,305	2,375	2,288	4,749

Before accepting any new customer, the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory credit history. Credit limits attributed to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good track records with the Hainan Zhongyou Jiarun Group.

As at 31 December 2012, 2013 and 2014 and 31 August 2015, included in the Hainan Zhongyou Jiarun Group's trade receivables balance are debtors with an aggregate carrying amount of HK$1,065,000, HK$1,330,000, HK$1,249,000 and HK$452,000, respectively, and included in Hainan Zhongyou Jiarun's trade receivables balance are debtors with an aggregate carrying amount of HK$911,000, HK$1,062,000, HK$1,055,000 and HK$411,000, respectively, which were past due at the end of the reporting periods for which the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience and subsequent settlements. The Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun does not hold any collateral over these balances.

(b) Ageing of trade receivables which are past due but not impaired:

The Hainan Zhongyou Jiarun Group

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
0–90 days past due	409	—	180	181
91–180 days past due	364	86	—	—
181 days to 365 days past due	292	1,244	1,069	301
	1,065	1,330	1,249	452

Hainan Zhongyou Jiarun

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
0–90 days past due	709	—	102	110
91–180 days past due	202	—	—	—
181 days to 365 days past due	—	1,062	953	301
	911	1,062	1,055	411

No interest is charged on the trade receivables. The Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun have policy regarding impairment losses on trade receivables which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the current creditworthiness and the past collection history of each customer.

(c) Movement in the allowance for bad and doubtful trade debts is as follows:

The Hainan Zhongyou Jiarun Group

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Balance at the beginning of the year/period	143	386	447	603
Impairment losses recognised	243	47	159	—
Exchange difference	—	14	(3)	(22)
Balance at the end of the year/period	386	447	603	581

Hainan Zhongyou Jiarun

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Balance at the beginning of the year/period	143	386	399	474
Impairment losses recognised	243	—	78	—
Exchange difference	—	13	(3)	(17)
Balance at the end of the year/period	386	399	474	457

(d) Movement in the allowance for other receivables is as follows:

The Hainan Zhongyou Jiarun Group

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Balance at the beginning of the year/period	459	1,396	1,621	1,586
Impairment losses recognised	937	177	50	—
Impairment losses recovered	—	—	(76)	—
Exchange difference	—	48	(9)	(58)
Balance at the end of the year/period	1,396	1,621	1,586	1,528

Hainan Zhongyou Jiarun

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Balance at the beginning of the year/period	155	155	160	210
Impairment losses recognised	—	—	50	—
Impairment losses recovered	—	—	—	—
Exchange difference	—	5	—	(8)
Balance at the end of the year/period	155	160	210	202

17. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY, A SUBSIDIARY AND RELATED COMPANIES

The amounts are unsecured, interest-free and repayable on demand.

The related companies are either controlled by the directors of Hainan Zhongyou Jiarun, or government-related entities as defined in note 26, or controlled by the non-controlling shareholders of Hainan Zhongyou Jiarun.

18. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun and short term bank deposits with an original maturity of three months or less. As at 31 December 2012, 2013 and 2014 and 31 August 2015, the bank balances carried interest at prevailing market rate of 0.3% per annum.

19. TRADE AND OTHER PAYABLES

The Hainan Zhongyou Jiarun Group

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade payables	314	5,538	2,852	2,885
Construction cost payable	—	3,855	3,961	3,574
Trade deposits received	702	96	2,884	1,699
Other payables and accrued charges	1,782	1,036	1,269	2,457
	2,484	4,987	8,114	7,730
	2,798	10,525	10,966	10,615

Hainan Zhongyou Jiarun

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade payables	268	212	536	1,063
Trade deposits received	702	—	—	170
Other payables and accrued charges	1,443	558	981	1,246
	2,145	558	981	1,416
	2,413	770	1,517	2,479

The average credit period on purchases of goods is 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

The Hainan Zhongyou Jiarun Group

	Trade payables			
	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
0–90 days	230	5,233	1,445	627
91–180 days	—	133	49	1,722
181–365 days	20	151	776	72
Over 1 year	64	21	582	464
	314	5,538	2,852	2,885

Hainan Zhongyou Jiarun

	Trade payables			
	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
0–90 days	190	64	405	626
91–180 days	—	133	49	253
181–365 days	14	—	76	72
Over 1 year	64	15	6	112
	268	212	536	1,063

20. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY, A SUBSIDIARY, A FELLOW SUBSIDIARY AND RELATED COMPANIES

The amounts are unsecured, interest-free and repayable on demand.

The related companies are either controlled by the directors of Hainan Zhongyou Jiarun, or government-related entities as defined in note 26, or controlled by the non-controlling shareholders of Hainan Zhongyou Jiarun.

21. LOANS FROM IMMEDIATE HOLDING COMPANY

Loans from immediate holding company are unsecured and interest bearing at 8% per annum. The terms of the borrowings are ranged from three months to one year.

22. CAPITAL

The capital at 1 January 2012, 31 December 2012, 2013 and 2014 and 31 August 2015 represented the registered and paid in capital of Hainan Zhongyou Jiarun.

23. INVESTMENTS IN SUBSIDIARIES

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Unlisted shares, at cost	20,877	20,895	21,587	21,472
Accumulated impairment loss	(12,273)	(12,291)	(12,698)	(12,630)
Exchange adjustment	—	285	(47)	(321)
	8,604	8,889	8,842	8,521

Details of the Hainan Zhongyou Jiarun's subsidiaries as at 31 December 2012, 2013, 2014 and 31 August 2015 are as follows:

Name of subsidiary	Country of establishment	Registered capital	Proportion of nominal value of issued capital held by Hainan Zhongyou Jiarun 31 December 2012	31 December 2013	31 December 2014	31 August 2015	Principal activities
Anhui Zhongyou Jiarun	The PRC	RMB10,000	100%	100%	100%	100%	Sales and distribution of LNG through movable LNG refuelling equipments for vehicles*
Hefei Kunlun	The PRC	RMB10,000	70%	70%	70%	70%	Sales and distribution of LNG through refuelling station for vehicles and movable LNG refuelling equipments for vehicles and LNG trading business

* The trial operations ceased in year of 2014, and no operation during the 2015 period

The table below shows details of the non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 31 December 2012	31 December 2013	31 December 2014	31 August 2015	(Loss) profit allocated to non-controlling interests 31 December 2012	31 December 2013	31 December 2014	31 August 2015	Accumulated non-controlling interests 31 December 2012	31 December 2013	31 December 2014	31 August 2015
						HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Hefei Kunlun	PRC	30%	30%	30%	30%	(546)	(895)	26	319	3,142	2,339	2,353	2,575

Summarised financial information for the years ended 31 December 2012, 2013, 2014 and 31 August 2015 in respect of Hefei Kunlun is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Hefei

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Non-current assets	3,284	26,375	25,726	24,426
Current assets	7,938	16,387	10,956	11,484
Current liabilities	(749)	(34,964)	(28,839)	(27,328)
Net assets	10,473	7,798	7,843	8,582
Equity attributable to:				
The owners of Hainan Zhongyou Jiarun	7,331	5,459	5,490	6,007
non-controlling interests of Hefei Kunlun	3,142	2,339	2,353	2,575
Total equity	10,473	7,798	7,843	8,582
Revenue and other income	15	2,924	9,655	7,948
Expenses	(1,836)	(5,906)	(9,569)	(6,885)
(Loss) profit for the year/period	(1,821)	(2,982)	86	1,063
(Loss) profit for the year/period attributable to				
— the owners of Hainan Zhongyou Jiarun	(1,275)	(2,087)	60	744
— non-controlling interests of Hefei Kunlun	(546)	(895)	26	319
(Loss) profit and total comprehensive (expense) income for the year	(1,821)	(2,982)	86	1,063
Total comprehensive (expense) attributable to				
— owners of Hainan Zhongyou Jiarun	(13)	214	(28)	(226)
— non-controlling interests of Hefei Kunlun	(4)	92	(12)	(97)
	(17)	306	(40)	(323)

24. COMMITMENTS

Capital commitments

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Capital expenditure in respect of the acquisition of:				
Property, plant and equipment contracted for but not provided in the Financial Information	342	8,567	8,142	7,037

Operating lease commitment as lessee

At the reporting date, the Hainan Zhongyou Jiarun Group had commitment for future minimum lease payments under non-cancellable operating leases for office which fall due as follows:

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Within one year	608	1,025	905	1,408
In the second to fifth year inclusive	1,142	3,142	2,767	3,514
Over five years	86	4,522	4,155	3,928
	1,836	8,689	7,827	8,850

25. RETIREMENT BENEFITS SCHEME

The Hainan Zhongyou Jiarun Group participates in a defined contribution retirement scheme organised by the relevant local government authority in the PRC. Eligible employees of the Hainan Zhongyou Jiarun Group to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Hainan Zhongyou Jiarun Group is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 20% of the local standard basic salaries.

As at 31 December 2012, 2013 and 2014 and 31 August 2015, the Hainan Zhongyou Jiarun Group had no significant obligation apart from the contribution as stated above.

26. RELATED PARTY TRANSACTIONS

Hainan Zhongyou Jiarun is ultimately controlled by the PRC government and the Hainan Zhongyou Jiarun Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

The Hainan Zhongyou Jiarun Group has entered into deposits placements with banks which are government-related entities. Save as disclosed elsewhere in the Financial Information, the Hainan Zhongyou Jiarun Group had the following transactions with its related parties during the Relevant Periods:

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
Sales to immediate holding company	17	12	1,169	682	318
Purchase from immediate holding company	62,616	54,493	59,405	40,098	3,187
Interest cost paid to immediate holding company	1,421	3,225	3,868	1,935	2,497
Interest income from immediate holding company	—	—	59	39	251
Rental expense paid to the shareholder of Hainan Zhongyou Jiarun	170	112	—	—	—
Rental expense paid to a fellow subsidiary	172	430	518	344	345
Sales to related companies[#]	—	3,715	26,153	16,346	1,280
Purchase from related companies[#]	—	1,713	3,273	2,250	—
Purchase from a fellow subsidiary	—	—	1,330	942	30,209
Transportation expense paid to a related company[*]	57	—	—	—	—

[#] The related companies are either controlled by the directors of Hainan Zhongyou Jiarun, or government related entities, or controlled by non-controlling shareholders of Hainan Zhongyou Jiarun.

[*] The related company is controlled by a director of Hainan Zhongyou Jiarun.

Note: At the end of each reporting period, the Hainan Zhongyou Jiarun Group had commitments for future minimum payments under non-cancellable operating lease with a company controlled by the ultimate holding company, which fall due as follows:

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Within one year	258	514	518	518
In the second to fifth year inclusive	1,044	1,880	1,460	1,630
Over five years	86	84	—	88
	1,388	2,478	1,978	2,236

Compensation of key management personnel

The remuneration of directors and Chief Executive, who represent the key management personnel of the Hainan Zhongyou Jiarun Group, during the Relevant Periods were as follows:

	Year ended 31 December			Eight months ended 31 August	
	2012	2013	2014	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* (unaudited)	*HKD'000*
Short-term employee benefits	—	—	—	—	—
Post-employment benefits	—	—	39	26	26
	—	—	39	26	26

27. CAPITAL RISK MANAGEMENT

The Hainan Zhongyou Jiarun Group manages its capital to ensure that entities in the Hainan Zhongyou Jiarun Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Hainan Zhongyou Jiarun Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Hainan Zhongyou Jiarun Group consists of debt balance and equity balance. Equity balance consists of equity attributable to owners of Hainan Zhongyou Jiarun, comprising issued share capital and reserves.

Management of the Hainan Zhongyou Jiarun Group review the capital structure on an on-going annual basis. As part of this review, management of the Hainan Zhongyou Jiarun Group consider the cost of capital and the risks associated with each class of capital. Based on recommendations of management of the Hainan Zhongyou Jiarun Group, the Hainan Zhongyou Jiarun Group will balance its overall capital structure through the payment of dividends and the issue of new debt.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Hainan Zhongyou Jiarun Group

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	31,100	28,745	16,735	17,758
Financial liabilities				
Amortised costs	36,847	69,009	57,091	55,531

Hainan Zhongyou Jiarun

	As at 31 December			As at 31 August
	2012	2013	2014	2015
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	13,647	10,330	12,978	12,057
Financial liabilities				
Amortised costs	23,883	20,939	21,915	18,618

(b) Financial risk management objectives and policies

The Hainan Zhongyou Jiarun Group's and Hainan's major financial instruments include trade receivables and other receivables, amounts due from to immediate holding company, amount due from/to a subsidiary, bank balances and cash, amounts due from/to related companies, trade payables, other payables and accrued charges and loan from immediate holding company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

(i) Market risk

Interest rate risk

The Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun are exposed to fair value interest rate risk in relation to the fixed-rate loan from immediate holding company (note 21). The Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun are also exposed to cash flow interest rate risk in relation to the bank balances (note 18).

The Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun currently do not have interest rate hedging policy. However, management closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

(ii) Credit risk

As at 31 December 2012, 2013 and 2014 and 31 August 2015, the maximum exposure to credit risk of the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun which will cause a financial loss to the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun due to failure to discharge an obligation by the counterparties are arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, management of the Hainan Zhongyou Jiarun Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Hainan Zhongyou Jiarun consider that the Hainan Zhongyou Jiarun Group's credit risk is significantly reduced.

As at 31 December 2012, 2013, 2014 and 31 August 2015, the Hainan Zhongyou Jiarun Group has concentration risk in respect of 2, 4, 4, 4 trade debtors, which are local bus operating companies, which contributed approximately 64%, 62%, 71%, 63% of trade receivables, respectively. All the amounts were subsequently settled.

Also the Hainan Zhongyou Jiarun Group has significant concentration of credit risk on amounts due from related companies as the credit risk is attributable to one related party which is a company controlled by a director of Hainan Zhongyou Jiarun as at 31 December 2013 and 2014 and 31 August 2015. The directors of Hainan Zhongyou Jiarun consider the counterparty with good credit worthiness based on its past repayment history and subsequent settlement.

The credit risk on liquid funds of the Hainan Zhongyou Jiarun Group is limited because the counterparties are banks with good reputation and the Hainan Zhongyou Jiarun Group has limited exposure to any single financial institution.

(iii) Liquidity risk

In the management of liquidity risk, the Hainan Zhongyou Jiarun Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Hainan Zhongyou Jiarun Group's operations and mitigates the effects of fluctuations in cash flows.

The Hainan Zhongyou Jiarun Group has net current liabilities of HK$35,906,000 and Hainan Zhongyou Jiarun has net current liabilities of HK$6,280,000 as at 31 August 2015. The directors of Hainan Zhongyou Jiarun are satisfied that the Hainan Zhongyou Jiarun Group will have sufficient financial resources to meet its financial obligations as they fall due for the next the twelve months from the date of this report as 海南中油深南技術開發有限公司 (Hainan Zhongyou Shennan Technology Development Co., Ltd.*), the immediate holding company of Hainan Zhongyou Jiarun, has agreed to provide adequate funds to enable Hainan Zhongyou Jiarun Group to meet its financial obligations as they fall due for the foreseeable future.

The following tables detail the Hainan Zhongyou Jiarun Group's and Hainan's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Hainan Zhongyou Jiarun Group and Hainan Zhongyou Jiarun can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks or financial institutions choosing to exercise their rights. The table includes both interest and principal cash flows.

The Hainan Zhongyou Jiarun Group

	Effective interest rate	On demand or within 1 year	Between 1–2 years	Between 2–5 years	Total undiscounted cash flow	Total carrying amount
	%	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
As at 31 December 2012						
Non-derivative financial liabilities						
Trade payables	—	314	—	—	314	314
Other payables and accrued charges	—	1,764	—	—	1,764	1,764
Amount due to immediate holding company	—	2,524	—	—	2,524	2,524
Amounts due to related companies	—	288	—	—	288	288
Loan from immediate holding company	8	32,596	—	—	32,596	31,957
		37,486	—	—	37,486	36,847
As at 31 December 2013						
Non-derivative financial liabilities						
Trade payables	—	5,538	—	—	5,538	5,538
Other payables and accrued charges	—	4,891	—	—	4,891	4,891
Amount due to immediate holding company	—	7,471	—	—	7,471	7,471
Amounts due to related companies	—	315	—	—	315	315
Loan from immediate holding company	8	51,810	—	—	51,810	50,794
		70,025	—	—	70,025	69,009
As at 31 December 2014						
Non-derivative financial liabilities						
Trade payables	—	2,852	—	—	2,852	2,852
Other payables and accrued charges	—	5,230	—	—	5,230	5,230
Amount due to immediate holding company	—	1,099	—	—	1,099	1,099
Amounts due to related companies	—	2,438	—	—	2,438	2,438
Loan from immediate holding company	8	46,381	—	—	46,381	45,472
		58,000	—	—	58,000	57,091
As at 31 August 2015						
Non-derivative financial liabilities						
Trade payables	—	2,885	—	—	2,885	2,885
Other payables and accrued charges	—	6,031	—	—	6,031	6,031
Amount due to immediate holding company	—	71	—	—	71	71
Amounts due to related companies	—	2,722	—	—	2,722	2,722
Loan from immediate holding company	8	44,698	—	—	44,698	43,822
		56,407	—	—	56,407	55,531

Hainan Zhongyou Jiarun

	Effective interest rate	On demand or within 1 year	Between 1–2 years	Between 2–5 years	Total undiscounted cash flow	Total carrying amount
	%	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
As at 31 December 2012						
Non-derivative financial liabilities						
Trade payables	—	268	—	—	268	268
Other payables and accrued charges	—	1,443	—	—	1,443	1,443
Amount due to immediate holding company	—	2,524	—	—	2,524	2,524
Loan from immediate holding company	8	20,059	—	—	20,059	19,660
		24,294	—	—	24,294	23,895
As at 31 December 2013						
Non-derivative financial liabilities						
Trade payables	—	212	—	—	212	212
Other payables and accrued charges	—	558	—	—	558	558
Amount due to immediate holding company	—	7,471	—	—	7,471	7,471
Loan from immediate holding company	8	12,952	—	—	12,952	12,698
		21,193	—	—	21,193	20,939
As at 31 December 2014						
Non-derivative financial liabilities						
Trade payables	—	536	—	—	536	536
Other payables and accrued charges	—	981	—	—	981	981
Amount due to immediate holding company	—	1,099	—	—	1,099	1,099
Amount due to a subsidiary	—	4,560	—	—	4,560	4,560
Amounts due to related companies	—	2,108	—	—	2,108	2,108
Loan from immediate holding company	8	12,884	—	—	12,884	12,631
		22,168	—	—	22,168	21,915
As at 31 August 2015						
Non-derivative financial liabilities						
Trade payables	—	1,063	—	—	1,063	1,063
Other payables and accrued charges	—	1,246	—	—	1,246	1,246
Amount due to immediate holding company	—	71	—	—	71	71
Amount due to a subsidiary	—	1,657	—	—	1,657	1,657
Amounts due to related companies	—	2,408	—	—	2,408	2,408
Loan from immediate holding company	8	12,423	—	—	12,423	12,173
		18,868	—	—	18,868	18,618

(c) Fair value of the Hainan Zhongyou Jiarun Group's and Hainan's financial assets and financial liabilities that are measured at amortised cost.

The management of the Hainan Zhongyou Jiarun Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. The management of the Hainan Zhongyou Jiarun Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Hainan Zhongyou Jiarun or any of its subsidiaries in respect of any period subsequent to 31 August 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report on the Target Group, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

25 February 2016

The Board of Directors
Blue Sky Power Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Fox Smart Limited ("Fox Smart") and its subsidiaries (together with Fox Smart collectively referred to as the "Target Group") for the period from 9 March 2015 (date of incorporation of Great Advance Limited) to 31 August 2015 (the "Relevant Period") for inclusion in a circular issued by Blue Sky Power Holdings Limited (the "Company") dated 25 February 2016 (the "Circular") in connection with the major transaction in relation to the proposed acquisition of the entire issued share capital of Fox Smart (the "Acquisition").

Fox Smart, which acts as an investment holding company, was incorporated in the British Virgin Island (the "BVI") as a private limited liability company on 18 June 2015. The address of its registered office is located at P.O. Box 957, 688 shore Incorporations Centre, Road Town, Tortola, BVI.

The particulars of Fox Smart's subsidiaries are as follows:

Name of the company	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share capital/registered capital as at 31 August 2015	Principal activities
Great Advance Limited ("Great Advance")	Hong Kong	9 March 2015	Hong Kong Dollars ("HKD") 1.00	Investment holding
Shenzhen Haoyun Shunfeng Energy Co., Limited ("Shenzhen Haoyun")	The PRC	4 June 2015	HKD100,000	Investment holding

Both subsidiaries are wholly owned by Fox Smart at 31 August 2015 and up to the date of this report.

All companies comprising the Target Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for Fox Smart since the its date of incorporation as it was incorporated in a jurisdiction where there is no statutory audit requirements.

No statutory financial statements have been prepared for Great Advance or Shenzhen Haoyun as they have not reached the first reporting requirement date since their respective incorporation/establishment.

For the purpose of this report, the director of Fox Smart has prepared the consolidated financial statements of the Target Group for the Relevant Period in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standard Board (the "IASB") (the "Underlying Financial Statements"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Period set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in note 1 of Section A below. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the director of Fox Smart who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Target Group and Fox Smart as at 31 August 2015 and the financial performance and cash flows of the Target Group for the Relevant Period.

(A) FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss and Other Comprehensive Expense

	NOTES	9 March 2015 to 31 August 2015 *HK$*
Administrative expenses		41,625
Loss before taxation	5	41,625
Taxation	6	—
Loss and total comprehensive expense for the period		41,625

Consolidated Statement of Financial Position

	NOTES	**As at 31 August 2015** *HK$*
Current assets		
Bank balances and cash	8	4,625
Current liabilities		
Other payables		39,242
Amount due to a director	9	7,000
		46,242
Net current liabilities		(41,617)
Capital and reserves		
Capital	10	8
Accumulated losses		(41,625)
Total equity		(41,617)

Statement of Financial Position

	NOTES	**As at 31 August 2015** *HK$*
Non-current assets		
Investment in a subsidiary	11	1
Current liabilities		
Other payables		(15,493)
Net liabilities		(15,492)
Capital and reserves		
Capital	10	8
Accumulated losses		(15,500)
Total equity		(15,492)

Consolidated Statement of Changes in Equity

	Share capital *HK$*	Accumulated losses *HK$*	Total *HK$*
Share issued upon date of incorporation of Great Advance	1	—	1
Share issued upon incorporation of Fox Smart and reserve arising from the Group Restructuring	7	—	7
Loss and total comprehensive expense for the period	—	(41,625)	(41,625)
At 31 August 2015	8	(41,625)	(41,617)

Consolidated Statement of Cash Flows

	9 March 2015 to 31 August 2015 *HK$*
OPERATING ACTIVITIES	
Loss before taxation	(41,625)
Operating cash flows before movements in working capital	(41,625)
Increase in other payable	39,242
Net cash used in operating activities	(2,383)
FINANCING ACTIVITIES	
Increase in amount due to a director	7,008
Cash generated from financing activities	7,008
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	4,625

Notes to Financial Information

1. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

On 9 March 2015, Great Advance was incorporated in Hong Kong with limited liability by Mr. Huang Liedan. On 4 June 2015, Shenzhen Haoyun was established in the PRC with limited liability by Great Advance. Fox Smart was incorporated on 18 June 2015 in BVI with limited liability by Mr. Huang Liedan. Great Advance was transferred by Mr. Huang Liedan to Fox Smart on 2 July 2015 for HK$1, and Fox Smart became the holding company of the companies now comprising the Target Group (the "Group Restructuring"). Great Advance is under the common control of Mr. Huang Liedan before and after the Group Restructuring. Therefore, the acquisition of Great Advance by Fox Smart is accounted for as a combination of entities under common control by applying the principles of merger accounting.

The consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Target Group for the Relevant Periods include the results, changes in equity and cash flows of the entities comprising the Target Group as if the current group structure had been in existence throughout the Relevant Period or since the respective dates of incorporation or establishment, whichever period is shorter.

The functional currency and presentation currency of Fox Smart is HK$.

In the preparation of the Financial Information, the director of Fox Smart have given due and careful consideration of the liquidity of the Target Group and Fox Smart in light of the Target Group's and Fox Smart's net current liabilities of HK$41,617 and of HK$15,493, respectively, as at 31 August 2015. The director of Fox Smart is of the opinion that Mr. Huang Liedan, the controlling shareholder of Fox Smart before the completion of the Acquisition, and the Company, after the completion of the Acquisition, have agreed to provide adequate funds within twelve months from the end of the reporting period to enable Target Group and Fox Smart to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the Financial Information has been prepared on a going concern basis.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Target Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[4]
Amendments to IFRS 10, IFRS12 and IAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to IAS 1	Disclosure initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[2]
Amendments to IAS 27	Equity method in separate financial statements[2]
Amendments to IFRSs	Annual improvements to IFRSs 2012–2014 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2016.
3 The effective date is yet to be determined.
4 Effective for annual periods beginning on or after 1 January 2019.

The director of Fox Smart anticipates that the application of the other new and revised IFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform to IFRSs issued by the IASB. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based payment", leasing transactions that are within the scope of International Accounting Standards ("IAS") 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of Fox Smart and entities controlled by Fox Smart and its subsidiaries. Control is achieved when Fox Smart:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Fox Smart's statements of financial position at cost less any identified impairments loss. The results of the subsidiaries are accounted for on the basis of dividends received or receivable.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Target Group's financial assets are bank balances and cash. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Bank balances and cash

Bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, bank balances and cash are measured at amortised cost using the effective interest method, less any identified impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

The Target Group's financial liabilities including other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business consolidation) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

4. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

During the Relevant Period, the emoluments paid or payable by the entities comprising the Target Group to the director of Fox Smart ("Director") is as follows:

	Huang Liedan
	HK$
Eight months ended 31 August 2015	
Fees	—
Other emoluments	
Salaries and other benefits	—
Retirement benefit scheme contributions	—
Total emoluments	—

Huang Liedan is the Chief Executive of the Company.

During the Relevant Period, no remuneration was paid by the Target Group to the director as an inducement to join or upon joining the Target Group or as compensation for loss of office.

(b) Employees' emoluments

Only one staff was employed by the Target Group which was the Director, and whose emoluments are included in the disclosures in (a) above for the period from 9 March 2015 to 31 August 2015.

5. LOSS BEFORE TAXATION

	9 March 2015 to 31 August 2015
	HK$
Loss before taxation has been arrived at after charging:	
Auditor's remuneration	—
Directors' emoluments	—

6. TAXATION

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Relevant Period.

No provisions for Hong Kong profit tax and EIT has been made in the financial statements as Fox Smart and other subsidiaries incurred tax losses for the period.

The taxation for the period can be reconciled to the loss before taxation as follows:

	9 March 2015 to 31 August 2015 *HK$*
Loss before taxation	(41,625)
Taxation at PRC EIT rate of 25%	(10,406)
Tax effect of tax losses not recognised	10,406
Taxation for the period	—

7. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

8. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Target Group. As at 31 August 2015, the bank balances carried interest at prevailing market rate of 0.01% per annum.

9. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest free and repayable on demand.

10. SHARE CAPITAL

The share capital as at 9 March 2015 represented the share capital of Great Advance.

Authorised, issued and fully paid share capital	**Number of share**	**Share capital** *HK$*
At 18 June 2015 and 31 August 2015		
— Ordinary share of United State Dollar ("USD") 1 (equivalent to approximately HK$8) each	1	8

Fox Smart was incorporated on 18 June 2015 with an authorised share capital of USD1. At the time of incorporation, one share of USD1 was issued at par to the subscriber to provide initial capital to Fox Smart.

11. INVESTMENTS IN A SUBSIDIARY

	As at 31 August 2015 *HK$*
Unlisted shares, at cost	1

12. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Target Group consists of debt balance and equity balance. Equity balance consists of equity attributable to owners of Fox Smart, comprising issued share capital and reserves.

Management of the Target Group review the capital structure on an on-going annual basis. As part of this review, management of the Target Group consider the cost of capital and the risks associated with each class of capital. Based on recommendations of management of the Target Group, the Target Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt.

13. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 August 2015 *HK$*
Financial assets	
Loans and receivables (including cash and cash equivalents)	4,625
Financial liabilities	
Amortised costs	46,242

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include bank balances and cash and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

(i) Market risk

Interest rate risk

The Target Group is also exposed to cash flow interest rate risk in relation to the Target Group's bank balances (note 8).

The Target Group currently does not have interest rate hedging policy. However, management closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

(ii) Liquidity risk

The Target Group and Fox Smart have net current liabilities of HK$41,617 and HK$15,492 as at 31 August 2015 respectively. This exposes the Target Group and Fox Smart to significant liquidity risk. Mr. Huang Liedan, the controlling shareholder of Fox Smart before the completion of the Acquisition, and the Company, after the completion of the Acquisition, have agreed to provide adequate funds to enable the Target Group and Fox Smart to meet in full its financial obligations as they fall due for the foreseeable future.

The Target Group and Fox Smart's remaining contractual maturity for its financial liabilities are within 3 months after the end of the reporting period. All the financial liabilities are non-interest bearing.

(c) Fair value of the Target Group's financial assets and financial liabilities that are measured at amortised cost.

The management of the Target Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. The management of the Target Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Fox Smart or any of its subsidiaries in respect of any period subsequent to 31 August 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report on Shenzhen Jiashi, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

25 February 2016

The Board of Directors
Blue Sky Power Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Shenzhen Jiashi Dexin Energy Co., Limited ("Shenzhen Jiashi") for the period from 23 March 2015 (date of establishment) to 31 August 2015 (the "Relevant Period") for inclusion in a circular issued by Blue Sky Power Holdings Limited (the "Company") dated 25 February 2016 (the "Circular") in connection with the major transaction in relation to the proposed acquisition of entire issued share capital of Fox Smart Ltd. (the "Acquisition").

Shenzhen Jiashi, which has not yet carried out any business during the Relevant Period, was established in the People's Republic of China (the "PRC") as a private limited liability company on 23 March 2015. The address of its registered office is Room 1705, Block B, Zheng Zhong Shidai Building, No. 99 Lung Cheng Zhong Road, Longgang, Shenzhen.

Shenzhen Jiashi has adopted 31 December as its financial year end date.

No statutory financial statements have been prepared for Shenzhen Jiashi as it has not reached its first reporting requirement date since establishment.

For the purpose of this report, the director of Shenzhen Jiashi has prepared the financial statements of Shenzhen Jiashi for the Relevant Period in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Period set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in note 1 of Section A below. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing on report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the director of Shenzhen Jiashi who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Shenzhen Jiashi as at 31 August 2015 and its financial performance and cash flows for the Relevant Period.

(A) FINANCIAL INFORMATION

Statements of Profit or Loss and Other Comprehensive Income

	NOTES	**23 March 2015 (date of incorporation) to 31 August 2015** *HK$*
Other income	5	1
Administrative expenses		(20,936)
Loss before taxation	6	(20,935)
Taxation	7	—
Loss for the period		(20,935)
Other comprehensive expense		
Items that may not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation to presentation currency		(182)
Total comprehensive expense for the period		(21,117)

Statements of Financial Position

	NOTES	**As at 31 August 2015** *HK$*
Current assets		
Bank balances and cash	9	7,151
Current liabilities		
Other payables		3,148
Amount due to immediate holding company	10	25,120
		28,268
Net current liabilities		(21,117)
Capital and reserves		
Capital	11	—
Reserves		(21,117)
Total equity		(21,117)

Statements of Changes in Equity

	Capital *HK$*	Translation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 23 March 2015 (date of incorporation)	—	—	—	—
Loss for the period	—	—	(20,935)	(20,935)
Exchange differences arising on translation to presentation currency	—	(182)	—	(182)
At 31 August 2015	—	(182)	(20,935)	(21,117)

Statements of Cash Flows

	23 March 2015 (date of incorporation) to 31 August 2015 *HK$*
OPERATING ACTIVITIES	
Loss before taxation	(21,117)
Operating cash flows before movements in working capital	(21,117)
Increase in other payables	3,148
Net cash used in operating activities	(17,969)
CASH FROM FINANCING ACTIVITIES	
Advances from immediate holding company	25,120
NET INCREASE IN CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	7,151

Notes to Financial Information

1. GENERAL AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The immediate holding company as well as the ultimate holding company of Shenzhen Jiashi is 深圳大乘能源投資有限公司 (Shenzhen Da Cheng Energy Investment Limited*), and its ultimate shareholder is 孫江天 (Sun Jiang Tian*).

For convenience of the financial statements, the Financial Information is presented in Hong Kong dollars ("HK$"). The functional currency of Shenzhen Jiashi is RMB. Shenzhen Jiashi, which has not yet carried any business during the Relevant Period, was established in the PRC as a private limited liability company on 23 March 2015.

In the preparation of the Financial Information, the director of Shenzhen Jiashi has given due and careful consideration of the liquidity of the Shenzhen Jiashi in light of the Shenzhen Jiashi's net current liabilities of HK$21,117 as at 31 August 2015. The director is of the opinion that 深圳大乘能源投資有限公司 (Shenzhen Da Cheng Energy Investment Limited*), the immediate holding company before the completion of the Acquisition, and the Company, after the completion of the Acquisition have agreed to provide adequate funds within twelve months from the end of the reporting period to enable Shenzhen Jiashi to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the Financial Information has been prepared on a going concern basis.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Shenzhen Jiashi has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[4]
Amendments to IFRS 10, HKFRS12 and IAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to IAS 1	Disclosure initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[2]
Amendments to IAS 27	Equity method in separate financial statements[2]
Amendments to IFRSs	Annual improvements to HKFRSs 2012–2014 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2016.
3 The effective date is yet to be determined.
4 Effective for annual periods beginning on or after 1 January 2019.

The director of Shenzhen Jiashi anticipates that the application of the other new and revised IFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform to IFRSs issued by the IABS. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Shenzhen Jiashi takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based payment", leasing transactions that are within the scope of International Accounting Standards ("IAS") 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Shenzhen Jiashi and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Shenzhen Jiashi's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables including bank balances and cash are measured at amortised cost using the effective interest method, less any identified impairment (see accounting policy on impairment of financial assets below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by Shenzhen Jiashi are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

The Shenzhen Jiashi's financial liabilities including other payables is subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Shenzhen Jiashi derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Shenzhen Jiashi derecognises financial liabilities when, and only when, the Shenzhen Jiashi's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Shenzhen Jiashi's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business consolidation) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Shenzhen Jiashi expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Foreign currencies

In preparing the financial statement of Shenzhen Jiashi, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Shenzhen Jiashi are translated into the presentation currency of the Shenzhen Jiashi (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

4. DIRECTOR'S AND EMPLOYEES' EMOLUMENTS

(a) Director's and chief executive's emoluments

During the Relevant Period, the emoluments paid or payable by Shenzhen Jiashi to its director ("Director") were as follows:

	孫江天 (Sun Jiang Tian*)
	HK$
Period from 23 March 2015 (date of incorporation) to 31 August 2015	
Fees	—
Other emoluments	
Salaries and other benefits	—
Retirement benefit scheme contributions	—
Total emoluments	—

孫江天 (Sun Jiang Tian*) is the Chief Executive of the Company.

(b) Employees' emoluments

There are only two staff in Shenzhen Jiashi, including one director whose emoluments are included in the disclosures in (a) above, for the period from 23 March 2015 (date of incorporation) to 31 August 2015. The emoluments of the remaining individual, which were less than HK$1,000,000, is as follows:

	23 March 2015 (date of incorporation) to 31 August 2015
	HK$
Salaries and other benefits	18,724
Retirement benefit scheme contributions	—
	18,724

During the Relevant Period, no emoluments were paid by the Shenzhen Jiashi to either of these individuals as an inducement to join or upon joining the Shenzhen Jiashi or as compensation for loss of office.

5. OTHER INCOME

	23 March 2015 (date of incorporation) to 31 August 2015
	HK$
Other income	
Bank interest income	1

6. LOSS BEFORE TAXATION

	23 March 2015 (date of incorporation) to 31 August 2015 *HK$*
Loss before taxation has been arrived at after charging:	
Auditor's remuneration	—
Directors' emoluments *(note 4)*	—
Other staff costs:	
Salaries and other allowances	18,724
Retirement benefits scheme contributions	—
	18,724

7. TAXATION

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC entity is 25% for the Relevant Period.

The taxation for the period can be reconciled to the loss before taxation as follows:

	23 March 2015 (date of incorporation) to 31 August 2015 *HK$*
Loss before taxation	(20,935)
Taxation at PRC EIT rate of 25%	(5,234)
Tax effect of tax losses not recognised	5,234
Taxation for the period	—

At 31 August 2015, Shenzhen Jiashi has estimated unused tax losses of approximately HK$20,935 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. As at 31 August 2015, the unrecognised tax losses of HK$20,935 will be expired before year 2020.

8. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

9. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Shenzhen Jiashi and short term bank deposits with an original maturity of three months or less. As at 31 August 2015, the bank balances carried interest at prevailing market rate of 0.3% per annum.

10. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is unsecured, interest free and repayable on demand.

11. CAPITAL

The registered capital of Shenzhen Jiashi was RMB5,000,000 (equivalent to approximately HK$6,241,000). The amount was not paid as at 31 August 2015 and will be paid before 31 December 2050.

12. RETIREMENT BENEFITS SCHEME

The Shenzhen Jiashi participates in a defined contribution retirement scheme organised by the relevant local government authority in the PRC. Eligible employees of the Shenzhen Jiashi to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Shenzhen Jiashi is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 20% of the local standard basic salaries.

As at 31 August 2015, the Shenzhen Jiashi had no significant obligation apart from the contribution as stated above.

13. CAPITAL RISK MANAGEMENT

The Shenzhen Jiashi manages its capital to ensure that entities in the Shenzhen Jiashi will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Shenzhen Jiashi's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Shenzhen Jiashi consists of debt balance and equity balance. Equity balance consists of equity attributable to owners of Shenzhen Jiashi, comprising issued share capital and reserves.

Management of the Shenzhen Jiashi review the capital structure on an on-going annual basis. As part of this review, management of the Shenzhen Jiashi consider the cost of capital and the risks associated with each class of capital. Based on recommendations of management of the Shenzhen Jiashi, the Shenzhen Jiashi will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt.

14. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 August 2015 *HK$*
Financial assets	
Loans and receivables (including cash and cash equivalents)	7,151
Financial liabilities	
Amortised costs	28,268

(b) Financial risk management objectives and policies

The Shenzhen Jiashi's major financial instruments include bank balances and cash and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

(i) Market risk

Interest rate risk

The Shenzhen Jiashi is exposed to cash flow interest rate risk in relation to the Shenzhen Jiashi's bank balances (note 9).

The Shenzhen Jiashi currently does not have interest rate hedging policy. However, management closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

(ii) Liquidity risk

The Company has net current liabilities of HK$21,117 as at 31 August 2015. This has exposed Shenzhen Jiashi to significant liquidity risk. 深圳大乘能源投資有限公司 (Shenzhen Da Cheng Energy Investment Limited*), its immediate holding company before the completion of the Acquisition, and the Company after the completion of the Acquisition, have agreed to provide adequate funds to enable the Shenzhen Jiashi to meet in full its financial obligations as they fall due for the foreseeable future.

The Shenzhen Jiashi's remaining contractual maturity for its financial liabilities are within 3 months after the end of the reporting period. All the financial liabilities are non-interest bearing.

(c) Fair value of the Shenzhen Jiashi's financial assets and financial liabilities that are measured at amortised cost

The management of the Shenzhen Jiashi estimates the fair value of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. The management of the Shenzhen Jiashi considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

(B) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Shenzhen Jiashi in respect of any period subsequent to 31 August 2015.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Set out below is the management discussion and analysis of the operating results and business review of Hainan Zhongyou Jiarun Group for the period from 1 January 2012 to 31 August 2015 (the "**Track Record Period**").

Hainan Zhongyou Jiarun is a company established under the laws of the PRC with limited liability on 30 March 2006 and was held as to 60% equity interest by Hainan Zhongyou Shennan and as to 40% equity interest by 海南亞希投資有限公司 (Hainan Yaxi Investment Company Limited*), an Independent Third Party. Anhui Zhongyou Jiarun is a company established under the laws of the PRC with limited liability on 6 April 2011 which is wholly owned by Hainan Zhongyou Jiarun. Hefei Kunlun is a company established under the laws of the PRC with limited liability on 1 August 2012 and was held as to 70% equity interest by Hainan Zhongyou Jiarun and as to 30% equity interest by 安徽省藍源化工科技股份有限公司 (Anhui Lanyuan Chemical Technology Company Limited*), an Independent Third Party. There was no change in the shareholders' structure of the above entities during the Track Record Period.

Upon completion of Reorganisation, Hainan Zhongyou Jiarun Group will be comprised of Hainan Zhongyou Jiarun, Anhui Zhongyou Jiarun and Hefei Kunlun. Hainan Zhongyou Jiarun will be held as to 40% equity interest by Shenzhen Jiashi and as to 60% equity interest by Hainan Zhongyou Shennan upon completion of Reorganisation. Hefei Kunlun will be held as to 30% equity interest by Shenzhen Jiashi and as to 70% equity interest by Hainan Zhongyou Jiarun upon completion of Reorganisation.

As at the Latest Practicable Date, Hainan Zhongyou Jiarun Group (1) operates two LNG refuelling stations for vehicles and one gasification station using LNG in Hainan Province through Hainan Zhongyou Jiarun; (2) operates three LNG refuelling stations for vehicles and two movable LNG refuelling equipment for vehicles, which will be converted into LNG refuelling stations, in Hefei, Anhui Province through Hefei Kunlun; (3) engages in LNG trading business in Anhui Province through Hefei Kunlun; and (4) constructs one LNG refuelling station for vessels in Wuhu, Anhui Province through Anhui Zhongyou Jiarun.

FOR THE YEAR ENDED 31 DECEMBER 2012

Business review

For the year ended 31 December 2012, Hainan Zhongyou Jiarun Group solely derived its revenue from the sales and distribution of LNG in the PRC and recorded revenue of approximately HK$77.9 million and gross profit approximately HK$9.1 million. Among the revenue generated, approximately HK$74.0 million was generated from Hainan Zhongyou Jiarun and approximately HK$3.9 million was generated from Anhui Zhongyou Jiarun. No revenue was generated from Hefei Kunlun. For the year ended 31 December 2012, Hainan Zhongyou Jiarun Group also recognised other income of approximately HK$5.3 million, which primarily comprised of government subsidy of approximately HK$3.4 million and sundry income of approximately HK$1.8 million.

Hainan Zhongyou Jiarun Group incurred distribution and selling expenses of approximately HK$7.5 million and administrative expenses of approximately HK$10.2 million for the year ended 31 December 2012. The finance costs of the Hainan Zhongyou Jiarun Group was approximately HK$1.4 million. As a result, Hainan Zhongyou Jiarun Group incurred a loss before taxation of approximately HK$6.1 million.

Liquidity and financial resources

As at 31 December 2012, the net current liabilities of Hainan Zhongyou Jiarun Group were approximately HK$4.9 million. The current asset mainly comprised of bank balances and cash of approximately HK$21.8 million, as well as trade and other receivables of approximately HK$8.2 million. The current liabilities mainly consisted of loan from immediate holding company of approximately HK$32.0 million, trade and other payables of approximately HK$2.8 million and amount due to immediate holding company of approximately HK$2.5 million. Hainan Zhongyou Jiarun Group had no non-current liabilities as at 31 December 2012.

Gearing ratio

The gearing ratio, represented by total liabilities as a percentage of total assets, was approximately 67.9% as at 31 December 2012.

Capital commitments

As at 31 December 2012, Hainan Zhongyou Jiarun Group had capital commitment of approximately HK$0.3 million of property, plant and equipment contracted for but not provided in the financial statements.

Significant investment, material acquisition and disposals

Hainan Zhongyou Jiarun Group did not have any significant investments or carried out any material acquisition and disposal during the year ended 31 December 2012.

Pledge of assets

As at 31 December 2012, Hainan Zhongyou Jiarun Group did not pledge any of its assets.

Remuneration policies and employee information

As at 31 December 2012, Hainan Zhongyou Jiarun Group had 44 employees, with total staff costs of approximately HK$4.9 million for the year ended 31 December 2012. Hainan Zhongyou Jiarun Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. Hainan Zhongyou Jiarun Group also provides various training to the employees periodically. Hainan Zhongyou Jiarun Group had no share option scheme for the year ended 31 December 2012.

Foreign exchange reserve

Hainan Zhongyou Jiarun Group's exposure to foreign currency risk is minimal as Hainan Zhongyou Jiarun Group does not have any material foreign currency transaction. The exchange rate risk to Hainan Zhongyou Jiarun Group is not significant. Accordingly, no financial instrument for hedging of foreign currency risk was used by Hainan Zhongyou Jiarun Group during the year ended 31 December 2012.

Contingent liabilities

As at 31 December 2012, Hainan Zhongyou Jiarun Group had no material contingent liabilities.

Segmental information

Hainan Zhongyou Jiarun Group has only one business segment, being the sales and distribution of LNG. In addition, Hainan Zhongyou Jiarun Group derive all its revenue from the PRC based on the location of services delivered and all material non-current assets of Hainan Zhongyou Jiarun Group were located in the PRC for the year ended 31 December 2012. Accordingly, no analysis by product and geographical information is provided.

FOR THE YEAR ENDED 31 DECEMBER 2013

Business review

For the year ended 31 December 2013, Hainan Zhongyou Jiarun Group solely derived its revenue from the sales and distribution of LNG in the PRC and recorded revenue of approximately HK$100.7 million and gross profit approximately HK$13.4 million. Among the revenue generated, approximately HK$62.5 million was generated from Hainan Zhongyou Jiarun, approximately HK$32.5 million was generated from Hefei Kunlun and approximately HK$6.1 million was generated from Anhui Zhongyou Jiarun. Approximately HK$0.4 million was eliminated in arriving at the consolidated revenue of the Hainan Zhongyou Jiarun due to the intra-group balances between Hefei Kunlun and Anhui Zhongyou Jiarun. The increase in revenue was mainly due to the completion of construction of two LNG refilling stations and one movable LNG refuelling equipment in Hefei which commenced operation during the second half of the year.

For the year ended 31 December 2013, the other income of Hainan Zhongyou Jiarun Group decreased to approximately HK$1.5 million. The decrease was due to no government subsidy was recognised during the year ended 31 December 2013 and the other income only comprised primarily of sundry income of approximately HK$1.5 million. The finance costs of the Hainan Zhongyou Jiarun Group increased from approximately HK$1.4 million to approximately HK$3.2 million for the year ended 31 December 2013. Such increase was primarily due to the increase in the amount of loans from immediate holdings company, which carries an interest rate of 8% per annum.

Hainan Zhongyou Jiarun Group incurred distribution and selling expenses of approximately HK$7.7 million and administrative expenses of approximately HK$9.3 million for the year ended 31 December 2013, which was relatively stable as compared to the prior year. Due to the combined effect of the increase in revenue and relatively stable costs, the loss before taxation of Hainan Zhongyou Jiarun Group for the year decreased to approximately HK$5.5 million.

Liquidity and financial resources

As at 31 December 2013, the net current liabilities of Hainan Zhongyou Jiarun Group were approximately HK$38.1 million. The current asset mainly comprised of bank balances and cash of approximately HK$13.3 million, as well as trade and other receivables of approximately HK$7.6 million.

The significant increase in net current liabilities was primarily due to the increase in amount of loans from immediate holding company from approximately HK$32.0 million in the prior year to approximately HK$50.8 million. The loans from immediate holding company was mainly applied for the construction of LNG refilling stations. In this regard, the property, plant and equipment of Hainan Zhongyou Jiarun Group increased from approximately HK$22.4 million as at 31 December 2012 to approximately HK$49.2 million as at 31 December 2013, which consisted of completed LNG refilling stations as well as LNG refilling stations with construction still in progress.

Other current liabilities of Hainan Zhongyou Jiarun Group includes trade and other payables of approximately HK$10.5 million and amount due to immediate holding company of approximately HK$7.5 million. The increase in trade and other payables was mainly attributable to the increase in construction cost payable incurred during the year as well as the increase in trade payable in line with the increased business scale of Hainan Zhongyou Jiarun Group. Hainan Zhongyou Jiarun Group had no non-current liabilities as at 31 December 2013.

Gearing ratio

The gearing ratio, represented by total liabilities as a percentage of total assets, was approximately 84.8% as at 31 December 2013.

Capital commitments

As at 31 December 2013, Hainan Zhongyou Jiarun Group had capital commitment of approximately HK$8.6 million of property, plant and equipment contracted for but not provided in the financial statements.

Significant investment, material acquisition and disposals

Hainan Zhongyou Jiarun Group did not have any significant investments or carried out any material acquisition and disposal during the year ended 31 December 2013.

Pledge of assets

As at 31 December 2013, Hainan Zhongyou Jiarun Group did not pledge any of its assets.

Remuneration policies and employee information

As at 31 December 2013, Hainan Zhongyou Jiarun Group had 43 employees, with total staff costs of approximately HK$5.69 million for the year ended 31 December 2013.

Hainan Zhongyou Jiarun Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. Hainan Zhongyou Jiarun Group also provides various training to the employees periodically. Hainan Zhongyou Jiarun Group had no share option scheme for the year ended 31 December 2013.

Foreign exchange reserve

Hainan Zhongyou Jiarun Group's exposure to foreign currency risk is minimal as Hainan Zhongyou Jiarun Group does not have any material foreign currency transaction. The exchange rate risk to Hainan Zhongyou Jiarun Group is not significant. Accordingly, no financial instrument for hedging of foreign currency risk was used by Hainan Zhongyou Jiarun Group during the year ended 31 December 2013.

Contingent liabilities

As at 31 December 2013, Hainan Zhongyou Jiarun Group had no material contingent liabilities.

Segmental information

Hainan Zhongyou Jiarun Group has only one business segment, being the sales and distribution of LNG. In addition, Hainan Zhongyou Jiarun Group derive all its revenue from the PRC based on the location of services delivered and all material non-current assets of Hainan Zhongyou Jiarun Group were located in the PRC for the year ended 31 December 2013. Accordingly, no analysis by product and geographical information is provided.

FOR THE YEAR ENDED 31 DECEMBER 2014

Business review

For the year ended 31 December 2014, Hainan Zhongyou Jiarun Group solely derived its revenue from the sales and distribution of LNG in the PRC and recorded revenue of approximately HK$192.4 million and gross profit approximately HK$19.5 million. Among the revenue generated, approximately HK$79.9 million was generated from Hainan Zhongyou Jiarun, approximately HK$113.0 million was generated from Hefei Kunlun and approximately HK$0.1 million was generated from Anhui Zhongyou Jiarun.

Approximately HK$0.6 million was eliminated in arriving at the consolidated revenue of the Hainan Zhongyou Jiarun due to the intra-group balances between Hefei Kunlun and Anhui Zhongyou Jiarun. The significant increase in revenue was mainly due to the completion of construction of one LNG refilling station and one movable LNG refuelling equipment in Hefei which commenced operation during the second half of the year.

For the year ended 31 December 2014, Hainan Zhongyou Jiarun Group recorded other income of approximately HK$1.6 million, which comprised primarily of sundry income of approximately HK$1.5 million and was relatively stable as compared to prior year. The finance costs of the Hainan Zhongyou Jiarun Group increased to approximately HK$3.9 million for the year ended 31 December 2014, which was primarily incurred from the loans from immediate holdings company, which carries an interest rate of 8% per annum.

Hainan Zhongyou Jiarun Group incurred distribution and selling expenses of approximately HK$8.3 million and administrative expenses of approximately HK$10.5 million for the year ended 31 December 2014, which was relatively stable as compared to the prior year. Due to the combined effect of the increase in revenue and relatively stable costs, the loss before taxation of Hainan Zhongyou Jiarun Group for the year decreased to approximately HK$4.1 million.

Liquidity and financial resources

As at 31 December 2014, the net current liabilities of Hainan Zhongyou Jiarun Group were approximately HK$39.3 million. The current asset mainly comprised of amount due from immediate holding company of approximately HK$9.4 million and trade and other receivables of approximately HK$7.2 million. The significant decrease in bank balances and cash was due to the repayment of loan during the year.

The current liabilities of Hainan Zhongyou Jiarun Group mainly includes trade and other payables of approximately HK$11.0 million, which primarily comprised of construction cost payable of approximately HK$4.0 million, trade payables of approximately HK$2.9 million and trade deposits received of approximately HK$2.9 million, which is in line with the increased business scale of Hainan Zhongyou Jiarun Group. Hainan Zhongyou Jiarun Group had no non-current liabilities as at 31 December 2014.

Gearing ratio

The gearing ratio, represented by total liabilities as a percentage of total assets, was approximately 88.5% as at 31 December 2014.

Capital commitments

As at 31 December 2014, Hainan Zhongyou Jiarun Group had capital commitment of approximately HK$8.1 million of property, plant and equipment contracted for but not provided in the financial statements.

Significant investment, material acquisition and disposals

Hainan Zhongyou Jiarun Group did not have any significant investments or carried out any material acquisition and disposal during the year ended 31 December 2014.

Pledge of assets

As at 31 December 2014, Hainan Zhongyou Jiarun Group did not pledge any of its assets.

Remuneration policies and employee information

As at 31 December 2014, Hainan Zhongyou Jiarun Group had 42 employees, with total staff costs of approximately HK$6.0 million for the year ended 31 December 2014.

Hainan Zhongyou Jiarun Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. Hainan Zhongyou Jiarun Group also provides various training to the employees periodically. Hainan Zhongyou Jiarun Group had no share option scheme for the year ended 31 December 2014.

Foreign exchange reserve

Hainan Zhongyou Jiarun Group's exposure to foreign currency risk is minimal as Hainan Zhongyou Jiarun Group does not have any material foreign currency transaction. The exchange rate risk to Hainan Zhongyou Jiarun Group is not significant. Accordingly, no financial instrument for hedging of foreign currency risk was used by Hainan Zhongyou Jiarun Group during the year ended 31 December 2014.

Contingent liabilities

As at 31 December 2014, Hainan Zhongyou Jiarun Group had no material contingent liabilities.

Segmental information

Hainan Zhongyou Jiarun Group has only one business segment, being the sales and distribution of LNG. In addition, Hainan Zhongyou Jiarun Group derive all its revenue from the PRC based on the location of services delivered and all material non-current assets of Hainan Zhongyou Jiarun Group were located in the PRC for the year ended 31 December 2014. Accordingly, no analysis by product and geographical information is provided.

FOR THE EIGHT MONTHS ENDED 31 AUGUST 2015

Business review

For the eight months ended 31 August 2015, Hainan Zhongyou Jiarun Group derived its revenue from the sales and distribution of LNG and the LNG trading business in the PRC and recorded revenue of approximately HK$125.0 million and gross profit approximately HK$15.6 million. Among the revenue generated, approximately HK$48.0 million was generated from Hainan Zhongyou Jiarun and approximately HK$80.7 million was generated from Hefei Kunlun. No revenue was generated from Anhui Zhongyou Jiarun during the period. Approximately HK$3.7 million was eliminated in arriving at the consolidated revenue of the Hainan Zhongyou Jiarun due to the intra-group balances between Hefei Kunlun and Anhui Zhongyou Jiarun. The slight decrease in revenue as compared to the corresponding period in the prior year was mainly due to the slight decrease in selling price of LNG in Hainan.

For the eight months ended 31 August 2015, Hainan Zhongyou Jiarun Group recorded other income of approximately HK$1.3 million, which comprised primarily of sundry income of approximately HK$1.0 million. The finance costs of the Hainan Zhongyou Jiarun Group incurred for the eight months ended 31 August 2015 amounted to approximately HK$2.5 million, which was primarily incurred from the loans from immediate holdings company which carries an interest rate of 8% per annum.

Hainan Zhongyou Jiarun Group incurred distribution and selling expenses of approximately HK$6.1 million and administrative expenses of approximately HK$6.3 million for the eight months ended 31 August 2015. The increase in distribution and selling expenses as compared to the corresponding period in the prior year was mainly due to the increase in number of gas stations in Hefei. As a result of the increase in gross profit, Hainan Zhongyou Jiarun Group recorded a profit before taxation of approximately HK$1.9 million for the eight months ended 31 August 2015.

Liquidity and financial resources

As at 31 August 2015, the net current liabilities of Hainan Zhongyou Jiarun Group were approximately HK$35.9 million. The current asset mainly comprised of bank balances and cash of approximately HK$7.4 million and trade and other receivables of approximately HK$9.7 million. The increase in bank balances and cash was mainly due to settlement of the amount due from immediate holding company and related companies.

The current liabilities of Hainan Zhongyou Jiarun Group mainly includes trade and other payables of approximately HK$10.6 million, which primarily comprised of construction cost payable of approximately HK$3.6 million, trade payables of approximately HK$2.9 million, other payables and accrued charges of approximately HK$2.5 million and trade deposits received of approximately HK$1.7 million. Hainan Zhongyou Jiarun Group had no non-current liabilities as at 31 August 2015.

Gearing ratio

The gearing ratio, represented by total liabilities as a percentage of total assets, was approximately 87.7% as at 31 August 2015.

Capital commitments

As at 31 August 2015, Hainan Zhongyou Jiarun Group had capital commitment of approximately HK$7.0 million of property, plant and equipment contracted for but not provided in the financial statements.

Significant investment, material acquisition and disposals

Hainan Zhongyou Jiarun Group did not have any significant investments or carried out any material acquisition and disposal during the year ended 31 August 2015.

Pledge of assets

As at 31 August 2015, Hainan Zhongyou Jiarun Group did not pledge any of its assets.

Remuneration policies and employee information

As at 31 August 2015, Hainan Zhongyou Jiarun Group had 45 employees, with total staff costs of approximately HK$3.2 million. The increase in number of employees was due to the expansion in business scale of Hainan Zhongyou Jiarun Group.

Hainan Zhongyou Jiarun Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends. Hainan Zhongyou Jiarun Group also provides various training to the employees periodically. Hainan Zhongyou Jiarun Group had no share option scheme for the eight months period ended 31 August 2015.

Foreign exchange reserve

Hainan Zhongyou Jiarun Group's exposure to foreign currency risk is minimal as Hainan Zhongyou Jiarun Group does not have any material foreign currency transaction. The exchange rate risk to Hainan Zhongyou Jiarun Group is not significant. Accordingly, no financial instrument for hedging of foreign currency risk was used by Hainan Zhongyou Jiarun Group during the eight months period ended 31 August 2015.

Contingent liabilities

As at 31 August 2015, Hainan Zhongyou Jiarun Group had no material contingent liabilities.

Segmental information

Hainan Zhongyou Jiarun Group mainly derived its revenue from the sales and distribution of LNG by operation of gas refuelling stations. In addition, Hainan Zhongyou Jiarun Group derive all its revenue from the PRC based on the location of services delivered and all material non-current assets of Hainan Zhongyou Jiarun Group were located in the PRC for the eight months period ended 31 August 2015. Accordingly, no analysis by product and geographical information is provided.

Prospect of new business and future plans

Hainan Zhongyou Jiarun Group did not have any plans for new investments as at 31 August 2015.

(A) BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

In connection with the Proposed Acquisition, the unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the Proposed Acquisition on the Group's financial position as at 30 June 2015.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 which has been extracted from the published interim report of the Company for the six months ended 30 June 2015; (ii) information about the consolidated assets and liabilities of Hainan Zhongyou Jiarun Group, the Target Group and Shenzhen Jiashi as at 31 August 2015, which have been extracted from the accountants' reports set out in Appendices II-A to II-C to this circular, respectively.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate the assets and liabilities of the Enlarged Group as if the Proposed Acquisition had been completed on 30 June 2015.

The unaudited pro forma financial information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Proposed Acquisition that are (i) directly attributable to the transactions; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Enlarged Group may not purport to predict what the assets and liabilities of the Enlarged Group with the Proposed Acquisition would have been upon completion of the Proposed Acquisition at any future dates.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this Circular, and the financial information of the Hainan Zhongyou Jiarun Group, Target Group and Shenzhen Jiashi, as set out in Appendices II-A to II-C to this circular and other financial information included elsewhere in this circular.

(B) UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited pro forma consolidated statement of assets and liabilities

	The Group as at 30 June 2015	The Target Group as at 31 August 2015	Shenzhen Jiashi as at 31 August 2015	Pro forma adjustment	Pro forma adjustment	Unaudited Pro forma Enlarged Group as at 30 June 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)					
	Note (i)	*Note (ii)*	*Note (ii)*	*Note (iv)*	*Note (v)*	
NON-CURRENT ASSETS						
Prepaid lease payments	21,651					21,651
Property, plant and equipment	286,817					286,817
Investment properties	28,009					28,009
Intangible assets	583,179					583,179
Goodwill	321,092					321,092
Interest in associates	192,880			126,398		319,278
Investment in a joint venture	44,000					44,000
Prepayment	12,602					12,602
Deposit paid for acquisition of subsidiaries	17,496					17,496
Deposits paid for acquisition of property, plant and equipment	98,918					98,918
Other non-current assets	589					589
	1,607,233					1,733,631
CURRENT ASSETS						
Prepaid lease payments	535					535
Inventories	15,782					15,782
Trade and other receivables	86,154					86,154
Amounts due from a joint venture	19,188					19,188
Amount due from non-controlling shareholders of subsidiaries	27,822					27,822
Tax recoverable	1,590					1,590
Cash and bank balances	63,357	4	7	(40,000)	(2,700)	20,668
	214,428					171,739

	The Group as at 30 June 2015 *HK$'000* (Unaudited) *Note (i)*	The Target Group as at 31 August 2015 *HK$'000* *Note (ii)*	Shenzhen Jiashi as at 31 August 2015 *HK$'000* *Note (ii)*	Pro forma adjustment *HK$'000* *Note (iv)*	Pro forma adjustment *HK$'000* *Note (v)*	Unaudited Pro forma Enlarged Group as at 30 June 2015 *HK$'000*
CURRENT LIABILITIES						
Trade and other payables	93,316	46	28			93,390
Bank and other borrowings	16,022					16,022
Obligations under finance leases	5,677					5,677
Convertible bonds	20,976					20,976
Embedded derivatives	7,805					7,805
Amount due to a director	630					630
Tax payable	30					30
	144,456					144,530
NET CURRENT ASSETS	69,972					27,209
TOTAL ASSETS LESS CURRENT LIABILITIES	1,677,205					1,760,840
NON CURRENT LIABILITIES						
Obligations under finance leases	1,118					1,118
Bank and other borrowings	125,500					125,500
Convertible notes	84,182					84,182
Promissory note	—			15,877		15,877
Deferred tax liabilities	136,870					136,870
	347,570					363,447
NET ASSETS	1,329,635					1,397,393

Notes to unaudited pro forma financial information

Notes:

(i) The assets and liabilities of the Group are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 as set out in the published interim report of the Company for the six months ended 30 June 2015.

(ii) The assets and liabilities of the Target Group and Shenzhen Jiashi are extracted from the accountants' reports as set out in Appendices II-B and III-C to this circular, respectively.

(iii) Upon the completion of the Proposed Acquisition, the Target Group and Shenzhen Jiashi will become subsidiaries of the Group and will be consolidated in the consolidated financial statements of the Enlarged Group. The Directors of the Company are of the opinion that these subsidiaries to be acquired do not constitute a business as defined in International Financial Reporting Standard 3 "Business Combination" therefore, the acquisition had been accounted for as acquisition of assets rather than business combination. The Hainan Zhongyou Jiarun Group will become associates of the Group and will be accounted for in the consolidated financial statements of the Enlarged Group by using the equity method of accounting in accordance with International Accounting Standard ("IAS") 28 (2011) "Investments in Associates and Joint Ventures".

(iv) Pursuant to the Acquisition Agreement, the total consideration includes:

(a) HK$40,000,000 shall be payable by cash;

(b) HK$20,000,000 shall be payable by the Promissory Note; and

(c) HK$76,000,000 shall be satisfied by the allotment and issue of 158,333,333 new Shares at an issue price of HK$0.48 per Share, being part of the total consideration to be paid to the Vendor (or its nominee) for the Proposed Acquisition (the "Shares Consideration").

The Promissory Note is in the principal amount of HK$20,000,000 at nil interest with maturity period of three years from the Completion. The pro forma fair value of the Promissory Note at the completion date is assumed to be approximately HK$15,877,000, which is calculate as the present value of the cash outflows of the Promissory Note using effective interest rate of 8% per annum by reference to the Company's borrowings for a similar instrument with similar terms.

The pro forma fair value of the Shares Consideration is assumed to be approximately HK$70,458,000 as at 30 June 2015. The pro forma fair value of the Shares Consideration is determined by reference to the published closing market price of HK$0.445 per share at 30 June 2015 as if the Proposed Acquisition had been completed on 30 June 2015 and is subject to changes using the market price as at the date of completion of the Proposed Acquisition.

For the purpose of the unaudited pro forma financial information, assuming that the Proposed Acquisition had taken place on 30 June 2015, based on the estimation by the Directors, pro forma goodwill of HK$121,629,000 is included in the pro forma carrying amount of the investment in associates upon completion of the Proposed Acquisition, being the excess of the pro forma amount of consideration paid over the Group's share of pro forma fair value of net identifiable assets of Hainan Zhongyou Jiarun Group, the Target Group and Shenzhen Jiashi (collectively refer to as the "Fox Smart Group") as at 31 August 2015 as if the Proposed Acquisition had been completed on 30 June 2015.

Pro forma goodwill (included in the pro forma fair value of the investments in associates) is estimated as follows:

	HK$'000
Pro forma fair value of the consideration	126,335
Less: Group's share of pro forma fair value of the net identifiable assets and liabilities of the Fox Smart Group as at 31 August 2015 (note)	(4,706)
The Group's share of pro forma goodwill included in investments in associates	121,629

Note: Pro forma fair value of net identifiable assets and liabilities of the Fox Smart Group as at 31 August 2015 comprises:

		HK$'000
(1)	Carrying amount of Hainan Zhongyou Jiarun Group's net assets as at 31 August 2015 (based on Hainan Zhongyou Jiarun Group's financial information as set out in Appendix II-A to this circular)	5,486
	The Group's ownership interest upon completion of the Proposed Acquisition	40%
	The Group's share of net assets of Hainan Zhongyou Jiarun Group presented as interest in associates	2,194
(2)	The Group's entire interest in the net liabilities of the Target Group as at 31 August 2015 (based on the Target Group's financial information as set out in Appendix II-B to this circular)	(42)
(3)	The Group's entire interest in the net liabilities of Shenzhen Jiashi as at 31 August 2015 (based on Shenzhen Jiashi's financial information as set out in Appendix II-C to this circular)	(21)
(4)	The Group's additional 30% directly held equity interest in Hefei Kunlun as at 31 August 2015 (as extracted from note 23 of Hainan Zhongyou Jiarun Group's financial information as set out in Appendix II-A to this circular)	2,575

Upon completion of the Proposed Acquisition, the interest in the associates is represented by:

	HK$'000
Pro forma goodwill	121,629
Share of net assets	4,769
	126,398

For the purpose of this unaudited pro forma financial information, it is assumed the pro forma fair value of Fox Smart Group's identifiable assets and liabilities approximate their respective carrying amounts as at 31 August 2015 and no additional liabilities arise from the Reorganisation. Upon the completion of the Proposed Acquisition, the fair values of the identifiable assets and liabilities of the Fox Smart Group will have to be reassessed. The fair values of the identifiable assets and liabilities of the Fox Smart Group at the date of Completion (as defined in this circular) of the Proposed Acquisition may be different from the pro forma fair value of the identifiable assets and liabilities used in the preparation of this unaudited pro forma financial information. Accordingly the final amount of the identifiable assets and liabilities, as well as goodwill arising from the Proposed Acquisition at the date of Completion may be different from the amounts stated herein.

In the preparation of the unaudited pro forma financial information of the Enlarged Group, the Directors had assessed of the investment in the associates for indicators of impairment in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" and the Group's accounting policies, and concluded that no impairment on the investment in the associates is necessary as there is no objective evidence that the investment in associates is impaired. The Directors will adopt consistent accounting policies to assess the interest in the associates for impairment in subsequent reporting periods in accordance with the requirements of IAS 39 and IAS 36, as appropriate.

(v) This adjustment represents the effect of estimated transaction costs of approximately HK$2,700,000 to be incurred for the Proposed Acquisition, including but not limited to legal and professional fees and after excluding costs incurred in issuance of Promissory Note and Shares as set out in note (iv), directly attributable to the Proposed Acquisition estimated by the Directors of the Company.

(C) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

The following is the text of a report on pro forma financial information of the Group, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

To the Directors of Blue Sky Power Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Blue Sky Power Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of assets and liabilities as at 30 June 2015 and related notes as set out in Appendix IV of the circular issued by the Company dated 25 February 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information is set out in Section B of Appendix IV.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of entire interest in Fox Smart Limited (the "Target") and its subsidiaries (collectively referred to as the "Fox Smart Group") by a subsidiary of the Company on the Group's assets and liabilities as at 30 June 2015 as if the transaction had taken place at 30 June 2015. As part of this process, information about the Group's assets and liabilities has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2015, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to

Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 February 2016



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E-mail info@romagroup.com
http://www.romagroup.com

25 February 2016

Blue Sky Power Holdings Limited
Rooms 1411, 14/F,
New World Tower I,
16–18 Queen's Road Central,
Hong Kong

Case Ref: AK/BV2929/AUG15

Dear Sir/Madam,

Re: Valuation of 40% Equity Interest in 海南中油嘉潤天然氣有限公司 (Hainan Zhongyou Jiarun Natural Gas Co., Limited*), 40% Equity Interest in 安徽中油嘉潤有限公司 (Anhui Zhongyou Jiarun Co., Limited*) and 58% Equity Interest in 合肥崑崙能源有限公司 (Hefei Kunlun Energy Co., Limited*)

In accordance with the instructions from Blue Sky Power Holdings Limited (hereinafter referred to as the "Company") to us to conduct a business valuation on 40% equity interest in 海南中油嘉潤天然氣有限公司 (Hainan Zhongyou Jiarun Natural Gas Co., Limited*) (hereinafter referred to as the "Hainan Zhongyou Jiarun"), 40% Equity Interest in 安徽中油嘉潤有限公司 (Anhui Zhongyou Jiarun Co., Limited*) (hereinafter referred to as the "Anhui Zhongyou Jiarun") and 58% equity interest in 合肥崑崙能源有限公司 (Hefei Kunlun Energy Co., Limited*) (hereinafter referred to as the "Hefei Kunlun") (hereinafter collectively referred to as the "Hainan Zhongyou Jiarun Group"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 August 2015 (hereinafter referred to as the "Date of Valuation").

This report states the purpose of valuation, scope of work, an economic overview, an industry overview, an overview of Hainan Zhongyou Jiarun Group and the projects, basis of valuation, investigation and analysis, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. Roma Appraisals Limited (hereinafter referred to as "Roma Appraisals") acknowledges that this report may be made available to the Company for public documentation purpose only.

* *For identification purposes only.*

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, the management of the Hainan Zhongyou Jiarun Group and/or their representative(s) (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development and prospect of the liquefied natural gas ("LNG") refuelling station industry, and the development, operations and other relevant information of the Hainan Zhongyou Jiarun Group. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Hainan Zhongyou Jiarun Group provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us; however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Hainan Zhongyou Jiarun Group will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation.

In applying these projections to the valuation of the Hainan Zhongyou Jiarun Group, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in China

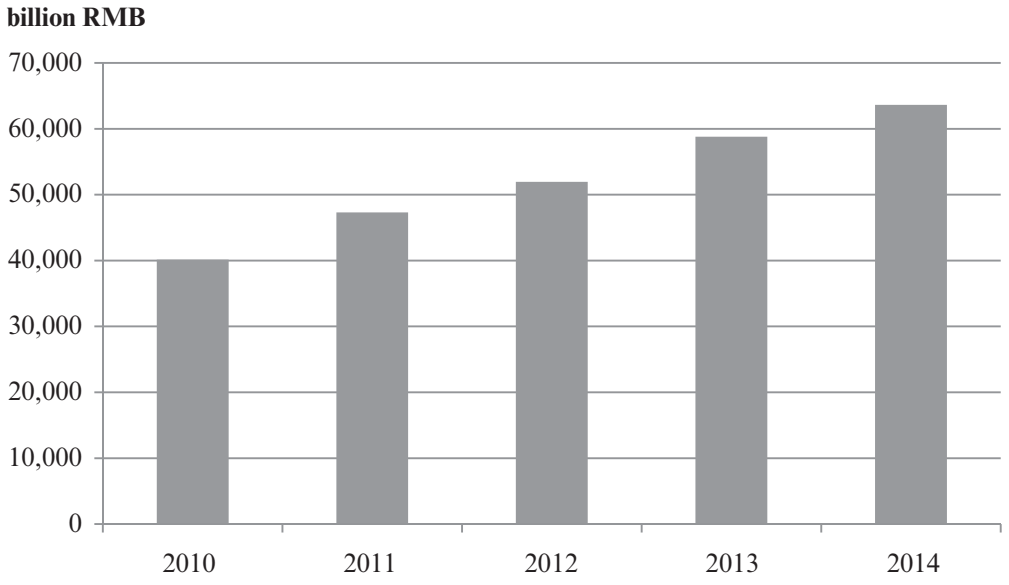
According to the National Bureau of Statistics of China, the nominal gross domestic product ("GDP") of China in the third quarter of 2015 was RMB48,777.35 billion, a year over year increase of 6.6% comparing to September 2014. China was the third largest economy in the world, ranked after the European Union and the United States, in terms of nominal GDP measured by the International Monetary Fund ("IMF") in 2014. Despite the global financial crisis in late 2008, the Chinese economy continued to be supported by the Chinese government through spending in infrastructure and real estates.

Throughout 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years. The government vowed to continue reforming the economy and emphasized the need to increase domestic consumption in

order to make China less dependent on foreign exports. China's economy rebounded quickly in 2010, outperforming all other major economies with robust GDP growth and the economy remained in strong growth since 2011.

Over the past five years from 2010 to 2014, compound annual growth rate of China's nominal GDP was 12.2%, the Chinese government targeted to grow its GDP by around 7.0% for the period from 2011 to 2015. Figure 1 illustrates the nominal GDP of China from 2010 to 2014.

Figure 1 — China's Nominal GDP from 2010 to 2014

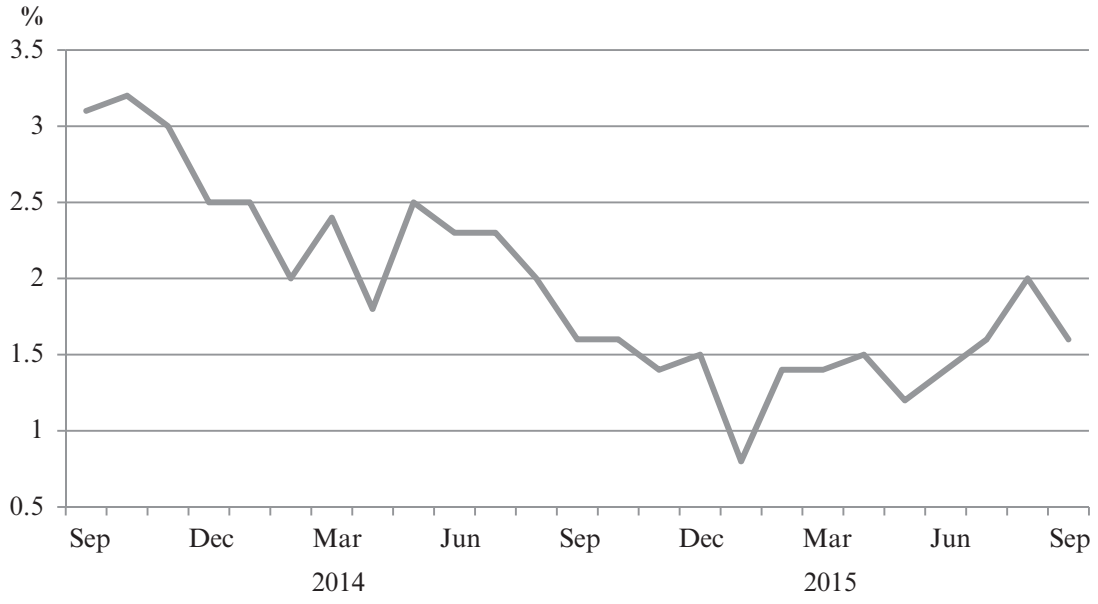


Source: National Bureau of Statistics of China

3.2 Inflation in China

Tackling inflation problem has long been the top priority of the Chinese government as high prices are considered as one of the causes of social unrest. For such a fast-growing economy, the middle-class' demand for food and commodities has been rising continuously. Inflation in China has been driven mainly by food prices, which have been stayed high in 2011. According to the National Bureau of Statistics of China, the consumer price index ("CPI") demonstrated an uptrend in the first half of 2011. Thanks to the government's policies in suppressing commodity prices, the inflation in CPI slowed in the second half of 2011 and first half of 2012 and maintained at around 2% to 3% during 2013. During 2014, the CPI dropped and reached 1.5% in December 2014. During first half of 2015, the CPI maintained at around 1.2% to 1.5%, and rose slightly to 1.6% in September 2015. Figure 2 shows the year-over-year change in consumer price index of China from September 2013 to September 2015.

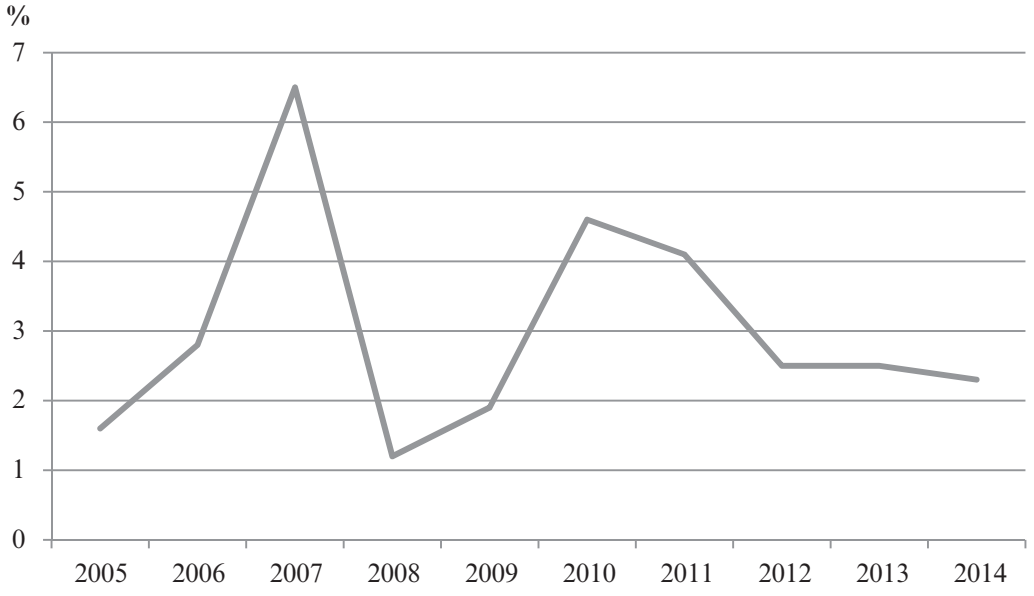
Figure 2 — Year-over-year Change in China's Consumer Price Index from September 2013 to September 2015



Source: Bloomberg

China's inflation rate was volatile during the past decade. According to the IMF, the inflation rate in China increased from 2.8% in 2006 to 6.5% in 2007, and then dropped to 1.2% and 1.9% in 2008 and 2009 respectively. The inflation rate increased to 4.6% in 2010 and maintained at 4.1% in 2011. The inflation dropped again to 2.5% in 2012 and 2013, and further to 2.3% in 2014. According to IMF's forecast, the long-term inflation rate of China is expected to be around 3.0%. Figure 3 shows the historical trend of China's inflation rate from 2005 to 2014.

Figure 3 — China's Inflation Rate from 2005 to 2014



Source: International Monetary Fund

4. INDUSTRY OVERVIEW

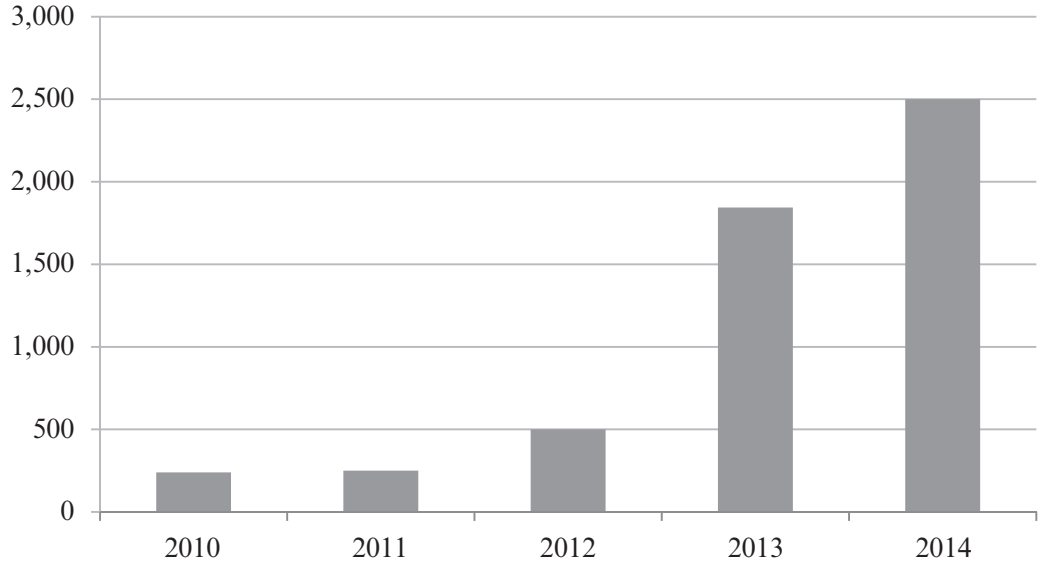
4.1 Overview of Natural Gas Industry in China

China is the world's most populous country and has a rapidly growing economy, which has driven the country's high overall energy demand and the quest for securing energy resources. According to U.S. Energy Information Administration ("EIA"), China has become the largest global energy consumer since 2010 and passed Japan. It became the world's third-largest natural gas consumption country in 2013, based on the information from the Ministry of Land and Resources. According to EIA, the Chinese government is planning to produce about 5.5 trillion cubic meters of natural gas by the end of 2015, in line with its desire to use more natural gas to replace other hydrocarbons in the country's energy portfolio. The Chinese government also anticipates boosting the share of natural gas as part of total energy consumption to around 8% by the end of 2015 and 10% by 2020 to alleviate air pollution resulting from China's heavy coal use. Generally speaking, the drastic growth of natural gas consumption in China provides prerequisites for the rising of liquefied natural gas refuelling station industry.

4.2 LNG Refuelling Station Industry

The LNG refuelling station industry has promising future in China. In recent years, the demand of natural gas vehicles has showed large growth potential since they are more energy efficient and environmentally friendly, compared with traditional gasoline automobiles. According to National Gas Vehicle Engineering Technology Research Center, the total number of natural gas vehicle in China is anticipated to be 4 million by the end of 2015 and over 5 million over the next 5 to 10 years. Meanwhile, the number of LNG vehicle exceeded 100,000 in 2013 and demonstrated significant growth potential in the following years. As a consequence, the rapid increasing usage of natural gas and natural gas vehicles has boosted the demand and intensive construction of LNG refuelling stations in China. In addition to the above, the urgent need of China's energy structure adjustment promoted the development of LNG refuelling stations. The long lasting and widespread haze in China in 2013 accelerated the release of relevant technical rules standardizing the construction of LNG refuelling stations. Such technical rules, to some extent, accelerated the government's administrative approval and construction of LNG refuelling stations. According to Chemical Industry News & Chemical Market Intelligence ("ICIS"), a division of Reed Business Information, part of Reed Elsevier PLC, the world's largest petrochemical market information provider, the number of LNG refuelling station in use was just 500 in 2012, dramatically climbed up to 1,844 in 2013 and is expected to reach around 2,500 by the end of 2014. Figure 4 shows the number of LNG refuelling stations in China from 2010 to 2014.

Figure 4 — Number of LNG Refuelling Stations in China between 2010 and 2014



Source: ICIS

5. OVERVIEW OF HAINAN ZHONGYOU JIARUN GROUP AND THE PROJECTS

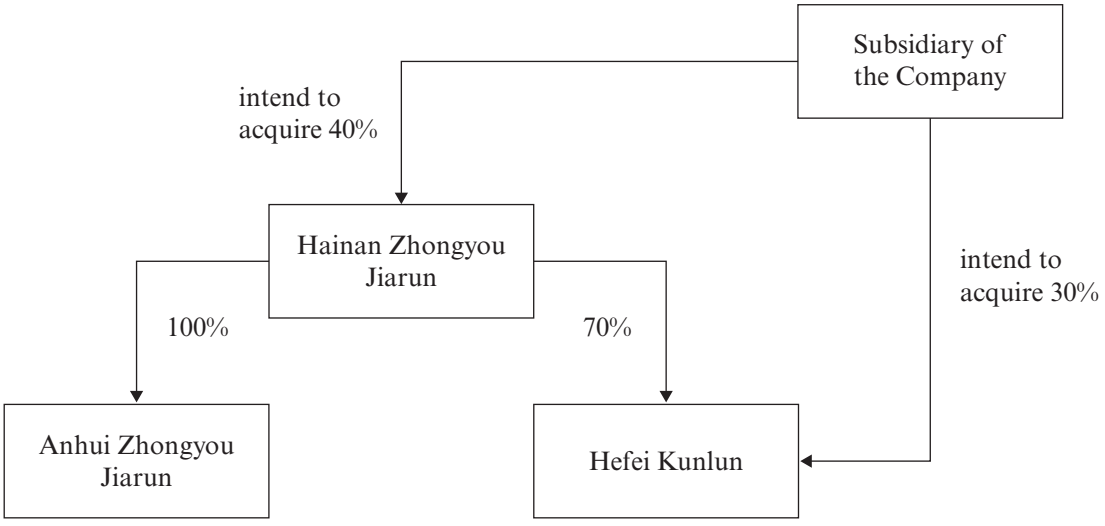
Hainan Zhongyou Jiarun is a company incorporated in the People's Republic of China ("PRC") with limited liability engaging in sales and distribution of LNG by operating LNG refuelling stations in Hainan Province. Hainan Zhongyou Jiarun held two subsidiaries, 100% equity interest of Anhui Zhongyou Jiarun which intended to operate LNG refuelling stations for vehicles and vessels in Wuhu of Anhui Province and 70% equity interest of Hefei Kunlun which operates LNG refuelling stations and movable LNG refuelling equipment for vehicles in Hefei of Anhui Province. For Hefei Kunlun, it is principally engaged in sales and distribution of LNG through LNG refuelling stations and movable LNG refuelling equipment for vehicles in Hefei of Anhui Province and the LNG trading business in Anhui Province.

Apart from the equity interest held by Hainan Zhongyou Jiarun, the Company intends to acquire an additional 30% equity interest of Hefei Kunlun, which aggregately comprises 58% equity interest of Hefei Kunlun (i.e. 28% equity interest through acquiring Hainan Zhongyou Jiarun plus 30% equity interest through direct acquisition). Figure 5 shows the company structure upon completion of acquisition.

Hainan Zhongyou Jiarun Group currently operates two LNG refuelling stations for vehicles and one gasification station using LNG in Hainan Province through Hainan Zhongyou Jiarun. Hainan Zhongyou Jiarun Group also currently operates three LNG refuelling stations for vehicles and two movable LNG refuelling equipment for vehicles in Hefei of Anhui Province through Hefei Kunlun, which will be converted into LNG refuelling stations.

In Anhui Province. Hainan Zhongyou Jiarun Group also engages in LNG refuelling stations operation for vehicles and LNG trading business in Anhui Province through Hefei Kunlun and is constructing one LNG refuelling station for vessels in Wuhu of Anhui Province through Anhui Zhongyou Jiarun. The station is expected to be completed and operate in the second half of 2016.

Figure 5 — Company Structure Upon Completion of Acquisition



LNG Refuelling Stations/Gasification Station Using LNG/Movable LNG Refuelling Equipment for Vehicles

Upon the completion of the reorganisation, Hainan Zhongyou Jiarun Group, will principally be engaged in the operation of LNG refuelling stations, gasification station using LNG and movable LNG refuelling equipment for vehicles in Hainan Province and Anhui Province, both of which are major transportation and communication hubs in the PRC. The customers of Hainan Zhongyou Jiarun Group are mainly logistics and transportation companies with heavy trucks, coaches and buses in their fleet of vehicles. Hainan Zhongyou Jiarun Group has entered into exclusive supply contracts with some of these customers, whereby all the vehicles operated by such customers shall source LNG only from Hainan Zhongyou Jiarun Group. The LNG refuelling stations and gasification station using LNG of Hainan Zhongyou Jiarun Group are strategically located near the entrances of highways or long-distance passenger transportation stations or toll stations.

LNG Refuelling Stations for Vessels

In February 2014, Hainan Zhongyou Jiarun Group obtained a government approval to construct a LNG refuelling station for vessels in Wuhu of Anhui Province. The station is under construction and is expected to complete in the second half of 2016. Hainan Zhongyou Jiarun Group has obtained a concession right to operate the station. Significant amount of vessels travel on the Yangtze River and which pass through Wuhu, and the presence of favourable policies encourage vessels to use LNG.

LNG Trading Business

Hainan Zhongyou Jiarun Group operated the LNG trading business in Anhui Province.

In preparing the financial forecast for this valuation, the Management has grouped the subject companies into Project A and Project B (hereinafter referred to as the "Projects") as follows:

Group	Company Name	Percentage of Equity Interest to be acquired by the Company	Status of the Company
Project A	Hainan Zhongyou Jiarun	40%	Operating
	Anhui Zhongyou Jiarun	40%	Developing
Project B	Hefei Kunlun	58%	Operating

Hainan Zhongyou Jiarun has obtained all the relevant licenses and/or approvals for its business operation. Anhui Zhongyou Jiarun has obtained the approval from the local government to construct the first new LNG refuelling station for vessels in Wuhu, while in the process of applying necessary operating licenses and is lack of capital from existing shareholder. Upon completion, the Management advised that the new shareholder would inject capital and Hainan Zhongyou Jiarun Group may also carry out debt financing such as bank borrowing and/or finance lease to deal with the capital expenditure required. The Management expects the construction in Wuhu with the grant of all legal, regulatory and other approvals would be completed prior to 30 June 2016.

6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2011, **market value** is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Projects. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the economy in China as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Projects provided to us by the Management and have considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Projects requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Projects;
- The financial condition of the Projects;
- The status and performance of the Projects;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements; and
- The business risks of the Projects such as the ability in maintaining competent technical and professional personnel.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Projects, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("equity and long term debt"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("equity") and investors who lend money to the business entity ("debt"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

8.4 Business Valuation

In the process of valuing the Projects, we have taken into account of the uniqueness of its operation and the nature of the gas refuelling station industry it is participating. We have conducted valuation on the Projects to determine market value of the 40% equity interest in Hainan Zhongyou Jiarun, 40% equity interest in Anhui Zhongyou Jiarun and 58% equity interest in Hefei Kunlun.

The Market-Based Approach was not adopted in this case because most of the important assumptions of the comparable transactions, such as discount or premium on the transaction prices or considerations, were unavailable. The Asset-Based Approach was also not adopted because it could not capture the future earning potential and thus market value of the Projects. We have therefore considered the adoption of the Income-Based Approach in arriving at the market value of the Projects.

8.4.1 Discounted Cash Flow

Under the Income-Based Approach, we have adopted the discounted cash flow ("DCF") method, which is based on a simple reversal calculation to restate all future cash flows in present terms. The expected free cash flow for each year was determined as follows:

Expected Free Cash Flow = Net Profit + Depreciation – Change in Net Working Capital – Capital Expenditure

The present value of the expected free cash flows was calculated as follows:

$$PVCF = CF_1/(1+r)^1 + CF_2/(1+r)^2 + \cdots + CF_n/(1+r)^n$$

In which
PVCF = Present value of the expected free cash flows;
CF = Expected free cash flow;
r = Discount rate; and
n = Number of years.

To adopt this method, we obtained the weighted average cost of capital ("WACC") of the Projects as a basic discount rate. WACC of the Projects is the minimum required return that the Projects must earn to satisfy various capital providers including shareholders and debt holders. WACC calculation takes into account the relative weights of debt and equity. It is computed using the formula below:

$$WACC = W_e \times R_e + W_d \times R_d \times (1 - T_c)$$

In which
R_e *= Cost of equity;*
R_d *= Cost of debt;*
W_e *= Weight of equity value to enterprise value;*
W_d *= Weight of debt value to enterprise value; and*
T_c *= Corporate tax rate.*

8.4.2 Cost of Debt

The cost of debt was determined by the expected borrowing rate of the Projects to finance the Projects. Since the interest expenses paid on debts are tax-deductible for the Projects, the cost of the Projects to get debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt was calculated by multiplying one minus the corporate tax rate by the cost of debt.

8.4.3 Cost of Equity

The cost of equity was determined using the Capital Asset Pricing Model ("CAPM"), which describes the relationship between the risk of the Projects and expected return to investors. It is calculated by the following formula:

$$R_e = R_f + \beta \times \text{Market Risk Premium} + \text{Other Risk Premium}$$

In which
R_e = *Cost of equity;*
R_f = *Risk-free rate; and*
β = *Beta coefficient.*

8.4.4 Discount Rate

In the process of determining the WACC, we adopted several listed companies with similar business scopes and operations to the Projects as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- The companies are principally engaged in the gas supply industry in China;
- The companies have sufficient listing and operating histories; and
- The financial information of the companies is available to the public.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description
Shenzhen Gas Corporation Ltd.	601139.CH	China	Shenzhen Gas Corporation Ltd., supplies gas in Shenzhen. The company business includes wholesale of gas, pipeline and the supply of bottled gas, investment and construction in the distribution network of gas transmission.
China Gas Holdings Ltd.	384.HK	Hong Kong	China Gas Holdings Ltd. invests in, operates and manages natural gas distribution pipelines. The company distributes and sells natural gas to residential, commercial and industrial users, and bottles and sells compressed natural gas. It also constructs and operates gas stations.

Company Name	Stock Code	Listing Location	Business Description
China Oil & Gas Group Ltd.	603.HK	Hong Kong	China Oil and Gas Group Ltd. is engaged in the investments in, and the operation and management of the natural gas and energy related business. Gas operations include city piped gas business, natural gas vehicle refilling stations, pipeline construction and operation, as well as transportation, delivery and distribution of compressed natural gas ("CNG") and LNG.
Towngas China Company Ltd.	1083.HK	Hong Kong	Towngas China Company Ltd. distributes and markets gas. The company sells liquefied petroleum gas ("LPG") in bulk and in cylinder, provides piped LPG and natural gas, constructs gas pipelines, operates city gas-pipeline networks and gas stations, and sells LPG and natural gas household appliances.
China Resources Gas Group Ltd.	1193.HK	Hong Kong	China Resources Gas Group Ltd. distributes natural gas and petroleum gas in the cities of Chengdu, Fuyang, Huaibei, Linhai, Suzhou and Wuxi in the PRC. The company also operates compressed natural gas filling stations in Chengdu, Nanjing and Wuxi. The group also is involved in bottled liquefied petroleum gas distribution in cities of Fuyang, Suzhou and Wuxi.
China Tian Lun Gas Holdings Ltd.	1600.HK	Hong Kong	China Tian Lun Gas Holdings Ltd. processes and distributes natural gas through urban pipelines. The company operates in Henan Province, China. It also operates a compressed natural gas filling station.

Source: Bloomberg

The list of selected comparable companies is an exhaustive list based on the aforementioned criteria in section 8.4.4 of the valuation report. We have conducted searches through Bloomberg and public internet domains in selecting the comparable transactions suitable for the valuation. We have made full-fledged attempt to search for as many comparable transactions as possible.

We have analyzed the revenue mix of the comparable companies and noted that majority of their revenues in 2014 involved sales and distribution of fuel gas, LPG, petroleum gas or natural gas. In regard to the similarity of the business of the comparable companies to the Projects, we are of the view that the comparable

companies adopted are relevant for this valuation. Given that the comparable companies are generally of larger size in operation than that of the Projects, we have considered a size premium in estimating the discount rates of the Projects. For details, please refer to the following calculation.

Below is the summary of the key parameters of the WACC of the Projects adopted as at the Date of Valuation:

	Key Parameters	**As at 31 August 2015**	
		Project A	**Project B**
a)	Risk-free Rate	3.40%	3.40%
b)	Market Expected Return	12.71%	12.71%
c)	Market Risk Premium	9.31%	9.31%
d)	Beta Coefficient	0.73	0.73
e)	Size Premium	3.87%	3.87%
f)	Firm Specific Risk Premium	6.00%	5.50%
g)	Cost of Equity	20.07%	19.07%
h)	Cost of Debt	5.15%	5.15%
i)	Weight of Equity Value to Enterprise Value	72.15%	72.15%
j)	Weight of Debt Value to Enterprise Value	27.85%	27.85%
k)	Corporate Tax Rate	25.00%	25.00%
	WACC	15.55%	15.19%

Notes:

a) The risk-free rate adopted was the yield rate of China 10-year government bond, which is the longest available China government generic bond yield, as at the Date of Valuation as extracted from Bloomberg since it was a long term risk free rate applicable to the Projects which operate in China.

b) The market expected return adopted was the average return in China stock market as at the Date of Valuation as extracted from Bloomberg since the Projects are operated in China.

c) The market risk premium adopted was the difference between the market expected return and the risk-free rate adopted, according to CAPM.

d) The beta coefficient adopted was the median adjusted beta of the aforementioned comparable companies as extracted from Bloomberg. Median adjusted beta was used since the effect brought by outliers would be excluded.

e) The size premium adopted was the size premium for micro-cap companies, which Hainan Zhongyou Jiarun, Anhui Zhongyou Jiarun and Hefei Kunlun belong to, with reference to the size premium study published by Duff & Phelps, LLC. In addition, the equity values of the Project A and B are both below USD632.770 million (categorized as micro-cap companies), we have considered size premium of 3.87% in estimating the discount rates of the Projects.

f) The firm specific risk premium adopted was to reflect the status and business risk of the Projects as at the Date of Valuation. Higher premium was considered for Project A as Anhui Zhongyou Jiarun has not yet commenced operation as at the Date of Valuation while lower premium was considered for Project B as Hefei Kunlun has already been operating. However, the Management has been advised by their PRC counsel that there is no material legal obstacles in obtaining the above approvals and/or licenses.

g) The cost of equity was determined based on CAPM.

h) The cost of debt adopted was estimated with reference to China 5-year benchmark lending rate, which is the longest available China benchmark lending rate source from the People's Bank of China, as at the Date of Valuation since it was a long term borrowing rate applicable to the Projects which operate in China.

i) The weight of equity value to enterprise value adopted was derived from the median debt-to-equity ratio of the comparable companies as at the Date of Valuation as extracted from Bloomberg. Median debt-to-equity ratio was used since the effect brought by outliers would be excluded.

j) The weight of debt value to enterprise value adopted was derived from the median debt-to-equity ratio of the comparable companies as at the Date of Valuation as extracted from Bloomberg. Median debt-to-equity ratio was used since the effect brought by outliers would be excluded.

k) The corporate tax rate adopted was the corporate tax rate in China.

Hence, we adopted the WACC of 15.55% for Project A and 15.19% for Project B as at the Date of Valuation.

8.4.5 Major Assumptions of Cash Flow Projection

8.4.5.1 Revenue, Cost and Gross Profit

The gross profit of the Projects was obtained by summing up (i) the product of the selling price of gas and the annual sales volume, less cost of goods sold and (ii) the product of the trading price difference and the trading volume in each forecasted year as follows:

Annual Gross Profit of the Projects = (Selling Price of Gas X Annual Sales Volume – Cost of Goods Sold) + (Trading Price Difference X Trading Volume)

The Management has made reference to the development and construction plans of the Projects to determine the commencement time of the operations of the Projects as well as the timing when the Projects started to generate revenue.

LNG is a kind of commodity that the purchase cost of the LNG will depend on the market spot price of the LNG market in the PRC. Just like other commodities such as petroleum, coal and metal, the market price of the LNG and that is the unit cost of Hainan Zhongyou Jiarun Group will vary based on a number of market factors. So, in preparing the forecast of Hainan Zhongyou Jiarun Group, the Management focused on estimating the unit gross profit of LNG, due to the following:

- The unit price of LNG is unpredictable as it is a commodity that the market price will vary from time to time;
- The exact amount of unit selling price and unit cost of LNG will be relatively less critical in the forecast. Because no matter how much the unit cost of LNG varies, the unit selling price will be set and adjusted by the operator accordingly in order to obtain a market-accepted gross profit;
- Therefore, it is an industry practice for the operator of gas refuelling stations to set the unit selling price on a cost-plus basis. Therefore, what the operator focused will be how much gross profit they can earn for each unit of LNG sold.

8.4.5.1.1 Project A

For Project A, Hainan Zhongyou Jiarun and Anhui Zhongyou Jiarun are principally engaged in the sales and distribution of LNG by operation of LNG refuelling stations and gasification station using LNG for vehicles in Hainan Province and Wuhu of Anhui Province and LNG refuelling stations for vessels in Wuhu of Anhui Province.

I. LNG Refuelling Stations for Vehicles and Gasification Stations in Hainan Province of Hainan Zhongyou Jiarun

Unit price, unit cost and unit gross profit

Regarding the business of LNG refuelling stations and gasification station using LNG for vehicles in Hainan Province, the unit price of the LNG is assumed to be RMB6.8 per kilogram and the unit cost of goods sold is assumed to be RMB5.6 per kilogram which was similar to actual historical selling price and purchase price of natural gas from the LNG refuelling stations in operation in 2015. Therefore, the gross profit of selling natural gas is expected

to be RMB1.2 per kilogram. The below table showed the average unit price, unit cost and unit gross profit per kilogram of LNG of existing two LNG refuelling stations and one gasification station using LNG of Hainan Zhongyou Jiarun in 2012 to 2015:

RMB	2012	2013	2014	2015
Unit price	6.6	7.3	7.6	6.9
Unit cost	5.9	6.2	6.7	5.7
Unit gross profit	0.7	1.1	0.9	1.2

Source: Management

With reference to the historical trend of the unit gross profit, the Management assumed the unit gross profit to be at RMB1.2 per kilogram throughout the forecasted period:

- the historical unit gross profit were on the general increasing trend from RMB0.7 per kilogram in 2012 to RMB1.2 per kilogram in 2015, representing a compounded annual growth rate of 19.7%;

- although there experienced a drop of unit gross profit in 2014 (from RMB1.1 in 2013 to RMB0.9 in 2014, representing a decrease of 18.2%), Management noted that over the historical review period from 2012 to 2015, the increase in unit gross profit in 2013 (from RMB0.7 in 2012 to RMB1.1 in 2013, representing an increase of 57.1%) and the increase in 2015 (from RMB0.9 in 2014 to RMB1.2 in 2015, representing an increase of 33.3%) outweighed the decrease of unit gross profit in 2014. Therefore, regarding the historical period of 2012 to 2015 as a cycle as a whole, it could still demonstrate an increasing trend of unit gross profit;

- the actual recent historical unit gross profit amounted to RMB1.2 per kilogram in the fourth quarter of 2015; and

- for prudence sake, the Management assumed the unit gross profit to remain constant at RMB1.2 per kilogram throughout the forecasted period instead of increasing as that of the historical trend.

Sales volume

The annual selling volume in 2015 for the existing two LNG refuelling stations and one gasification station using LNG in aggregate amounted to 9.3 million kilograms, in which the major two LNG refuelling stations with annual sales volume of 9.2 million kilograms. As advised by the Management, the annual selling volume of the existing two LNG refuelling stations and one gasification station using LNG is expected to grow in view of favorable government policies on LNG, but for prudence sake, the annual selling volume is assumed to remain constant at about 9 million kilograms over the forecasted period.

Increment of the number of LNG refuelling stations and gasification station using LNG

With reference to the post-completion undertaking by the vendor of the acquisition and the discussion with major customers of the LNG refuelling stations and gasification station using LNG, Hainan Zhongyou Jiarun will construct and operate no less than five new LNG refuelling stations each year for the coming three years ending 31 December 2016, 2017 and 2018. The Management assumed five new LNG refuelling stations over the forecasted period. The selling volume per new LNG refuelling station is estimated to be 13,000 kilograms per day which was with reference to the actual historical selling volume of similar existing major two LNG refuelling stations of Hainan Zhongyou Jiarun in operation in 2015 with actual annual sales volume of 9.2 million kilograms in 2015 (i.e. about 13,143 kilograms per station per day). It is assumed that no new LNG refuelling station and gasification station using LNG will be constructed from 2019 onwards. The total selling volume for each new LNG refuelling station is estimated to remain constant from 2016 onwards. The useful life of the Projects is estimated by the Management to be approximately 20 years, with reference to the usual useful life of similar LNG refuelling stations in the market.

II. LNG Refuelling Stations for Vehicles in Wuhu of Anhui Province of Anhui Zhongyou Jiarun

Unit price, unit cost and unit gross profit

Regarding the business of LNG refuelling stations for vehicles in Wuhu of Anhui Province, its LNG market is similar to that of Hefei since Wuhu is approximately 150 kilometers from Hefei only and the LNG refuelling stations and movable LNG refuelling equipment in Wuhu and Hefei are both for vehicle use. The unit price of the LNG is assumed to be RMB5.8 per kilogram and the unit cost of goods sold is assumed to be RMB4.1 per kilogram which was similar to the actual historical selling price and purchase price of natural gas from the LNG refuelling stations and movable LNG refuelling equipment in operation in Hefei in 2015. The gross profit of selling natural gas is expected to be RMB1.7 per kilogram throughout the forecasted period, which is also making reference to the bases and assumptions of the existing LNG stations of Hefei Kunlun. For details, please refer to the disclosure under "Unit price, unit cost and unit gross profit of Section 8.4.5.1.2. Since the LNG refuelling stations is not yet in operation, the sales volume was zero during 2015.

Increment of the number of LNG refuelling stations

The Management expects to build one new LNG refuelling station each year for the coming three years ending 31 December 2016, 2017 and 2018, and the selling volume per new LNG refuelling station is estimated to be 10,000 kilograms per day which was with reference to the actual historical selling volume of a similar LNG refuelling station in operation in Hefei of Anhui Province of Hefei Kunlun in 2015 with actual annual sales volume of 4.4 million kilograms in 2015 (i.e. about 12,571 kilograms per day). As advised by the Management, it is estimated that the annual selling volume for the new LNG refuelling stations is expected to grow in view of favorable government policies on LNG, but for prudence sake, the selling volume is assumed to remain constant from 2016 onwards. It is assumed that no new LNG refuelling station will be constructed from 2019 onwards. The useful life of the Projects is estimated by the Management to be approximately 20 years, with reference to the usual useful life of similar LNG refuelling stations in the market.

III. LNG Refuelling Stations for Vessels in Wuhu of Anhui Province of Anhui Zhongyou Jiarun

Unit price, unit cost and unit gross profit

Regarding the business of LNG refuelling stations for vessels in Wuhu of Anhui Province, its LNG market is similar to that of Hefei, since Wuhu is approximately 150 kilometers from Hefei only and the LNG refuelling stations and movable LNG refuelling equipment in Wuhu and Hefei are both for transportation use. Also, the LNG for vessels in Wuhu and for vehicles in Hefei is of the same type and from the same supplier source. The unit price of the LNG is assumed to be RMB5.8 per kilogram and the unit cost of goods sold is assumed to be RMB4.1 per kilogram which was similar to the actual historical selling price and purchase price of natural gas from the existing LNG refuelling stations and movable LNG refuelling equipment in operation in Hefei of Hefei Kunlun in 2015. The unit gross profit of selling natural gas is expected to be RMB1.7 per kilogram throughout the forecasted period, which is also making reference to the bases and assumptions of the existing LNG refuelling stations and movable LNG refuelling equipment of Hefei Kunlun. For details, please refer to the disclosure under "Unit price, unit cost and unit gross profit of Section 8.4.5.1.2. Since the LNG refuelling station is not yet in operation, the selling volume was zero during 2015.

Selling volume

Since the LNG refuelling station is not yet in operation, the sales volume was zero during 2015. The selling volume of the LNG refuelling station is estimated with reference to the project proposal prepared by a local engineering consulting company, an independent third party, and the government policies regarding the LNG vessel regarding the followings:

- the maximum serving capacity of a LNG refuelling station for vessels;
- the amount of energy consumption by a normal vessel;
- the consumption ratio of using diesel and natural gas for each vessel; and
- the addition of new vessel consuming natural gas in the market.

The project proposal dated 25 February 2014 was prepared by 無為縣濡須工程諮詢有限公司 (Wu Wei County Ruxu Engineering Consultancy Company) ("Ruxu Consultancy"). Ruxu Consultancy is principally engaged in the business consultancy, including the preparation of feasibility studies, project proposals and research reports for specific engineering projects. Ruxu Consultancy was granted the Engineering Consultancy Certificate (工程諮詢資質證書) and the only engineering consultancy company in Wu Wei County, Wuhu approved by National Development and Reform Commission (國家發改委). Hainan Zhongyou Jiarun Group engaged Ruxu Consultancy to issue the project proposal in respect of the feasibility analysis of the development of the LNG refuelling stations for vessels in Wuhu.

The vessels are the target customers which will purchase LNG from the LNG refuelling station for vessels of Anhui Zhongyou Jiarun. The Management expects each vessel will averagely consume 98 metric tons of LNG per year and there will be 200 new vessels for year 2017 and 2018, respectively with reference to the aforementioned project proposal. No new vessels is assumed from 2019 onwards for prudence. Considering LNG refuelling station for vessels is a similar business with LNG refuelling station for vehicles, the useful life of the projects are estimated by the Management to be approximately 20 years.

8.4.5.1.2 Project B

For Project B, Hefei Kunlun is principally engaged in LNG refuelling stations and movable LNG refuelling equipment for vehicles in Hefei of Anhui Province and LNG trading business in Anhui Province.

LNG Refuelling Stations and movable LNG refuelling equipment for Vehicles in Hefei of Anhui Province of Hefei Kunlun

Unit price, unit cost and unit gross profit

Regarding the business of LNG refuelling stations and movable LNG refuelling equipment for vehicles in Hefei of Anhui Province, the unit price of the LNG is assumed to be RMB5.8 per kilogram and the unit cost of goods sold is assumed to be RMB4.1 per kilogram which was more or less the same as the actual historical selling price and purchase price of natural gas from the LNG refuelling stations and movable LNG refuelling equipment in operation in 2015 of Hefei Kunlun. The gross profit of selling

natural gas is expected to be RMB1.7 per kilogram. The below table showed the average unit price, unit cost and unit gross profit per kilogram of LNG of Hefei Kunlun in 2014 and 2015:

RMB	2014	2015
Unit price	5.8	5.9
Unit cost	4.9	4.5
Unit gross profit	0.9	1.4

Source: Management

Since Hefei Kunlun commenced business operation in the second half of 2013, the Management made reference to operation data of year 2014 and 2015 only for the analysis. It demonstrated that the historical unit gross profit increased from RMB0.9 per kilogram in 2014 to RMB1.4 per kilogram in 2015, representing an increase of 55.6%.The Management has based on the followings to assume that the unit gross profit will be amounted to RMB1.7 per kilogram during the forecasted period:

- Hefei Kunlun commenced business operation for less than 3 years only from 2013. Therefore the LNG refuelling stations are still in the growth stage and it is assumed that Hefei Kunlun can continue the increase rate of unit gross profit in 2016;

- the historical unit gross profit increased from RMB0.9 in 2014 to RMB1.4 in 2015, representing an increase of 55.6%. If applying such historical growth rate, it is expected that the unit gross profit margin will be as high as approximately RMB2.2 per kilogram; and

- The unit gross profit of the gas refuelling station of Hefei Kunlun was on the increasing trend that it was increasing to about RMB1.7 in the fourth quarter of 2015. Based on such recent actual unit gross profit and the increasing trend, the Management considered that the unit gross profit of Hefei Kunlun can further increase in 2016. But, for prudence sake, the Management assumed the unit gross profit remained at RMB1.7 per kilogram throughout the forecasted period.

Sales volume

The annual selling volume for the existing three LNG refuelling stations and two movable LNG refuelling equipment was in aggregate amounted to 9 million kilograms in 2015 in which one major LNG refuelling station with annual sales volume of 4.4 million kilograms. The three LNG refuelling stations commenced operations in 2013 with sales volume increased from 5.4 million kilograms in 2014 to 6.2 million kilograms in 2015, representing an increase of 14.8% and the other two movable LNG refuelling equipment of Hefei Kunlun only commenced operations in late 2014 and did not have full year figures in 2014 and therefore the growth rate analysis did not include such two movable LNG refuelling equipment. According to 中國汽車工程研究院 (China Automotive Engineering Research Institute), a first-class state research institute, the average growth rate of LNG consumption for vehicle use in the PRC up to 2020 is estimated to be about 20% per year. Based on the above, the historical trend and the recent favorable government policies of LNG, and given that Hefei Kunlun is in the growth stage of the business operation it is estimated that Hefei Kunlun will achieve slightly higher growth rate of sales volume for the existing LNG refuelling stations and movable LNG refuelling equipment in the following two years (i.e. 2016 and 2017). Also, the LNG for vessels in Wuhu and for vehicles in Hefei is of the same type and from the same supplier source. Therefore, the Management estimated that the sales volume will be increased to 10.8 million kilograms in 2016 (representing a 20% growth) and to 12.6 million kilograms in 2017 (representing a 16.7% growth, which Management for prudence sake estimated that the growth in 2017 will be slightly lower than in 2016). But, for prudence sake, the Management assumed the sales volume will remain constant from 2017 onwards.

Increment of the number of LNG refuelling stations

With reference to the post-completion undertaking by the vendor of the acquisition and the government policies in relation to natural gas in Hefei, such as the framework agreement signed between China National Petroleum Corporation and Hefei government, and the official documents issued by Hefei government, Hefei Kunlun was participated in the "Gasified Hefei (氣化合肥)" project, the Management expects one new LNG refuelling station for vehicles will be built in Hefei in each of coming 3 years ending 31 December 2016, 2017 and 2018, and selling volume of each new LNG refuelling station is estimated to be 10,000 kilograms per day which was with reference to the actual historical selling volume of a similar existing LNG refuelling

station in Hefei in operation in 2015 with annual sales volume of 4.4 million kilograms in 2015. In view of the favorable government policies of LNG, the Management expects the increase in selling volume for both existing and new LNG refuelling stations and movable LNG refuelling equipment. However, as there is no track record for the selling volume for new LNG refuelling stations, for prudence sake, it is assumed to remain constant for the selling volume of new LNG refuelling stations from 2016 onwards. It is assumed that no new LNG refuelling stations will be constructed from 2019 onwards. The useful life of the Projects is estimated by the Management to be approximately 20 years, with reference to the usual useful life of similar LNG refuelling stations.

LNG Trading Business in Anhui Province of Hefei Kunlun

Regarding the LNG trading business in Anhui Province, the selling price of the LNG is assumed to be RMB4.18 per kilogram in 2015 and RMB4.19 per kilogram in 2016 onwards with reference to the actual trading price of existing LNG refuelling stations of Hefei Kunlun in operation in 2015. The unit cost of goods sold is assumed to be RMB4.1 per kilogram over the forecast period. The unit gross profit of 2015 is assumed to be RMB0.08 per kilogram in 2015 and RMB0.09 per kilogram from 2016 onwards. The trading volume of natural gas was 6 million kilograms in 2015.

8.4.5.2 Cost of Good Sold

The annual cost of goods sold of the Projects was obtained from multiplying the cost price of gas to the annual sales volume in each forecasted year. The cost price of gas adopted was estimated by the Management with reference to the actual cost price of gas of the operating stations for the Projects and market price in the local community. Annual Cost of Good Sold of the Projects is obtained by:

$$\text{Annual Cost of Good Sold of the Projects} = \text{Cost Price of Gas} \times \text{Annual Sales Volume}$$

8.4.5.3 Operating Expenses

The operating expenses of the Projects were estimated by the Management with reference to the Management's development and construction plans, feasibility studies and actual status of the Projects. The operating expenses include all the relevant items, which mainly represent water, electricity, internet expenses, office rentals, office consumables, travelling expenses, entertainment, insurance, selling expense, human resources costs, and maintenance cost.

For the period from September 2015 to 2019, the total operating expenses to revenue for Project A would drop from 9.5% to 5.7%, from 2019 onwards, the operating expenses to revenue will stay constant. The total operating expenses to revenue for Project B would drop from 11.9% to 8.6% from September 2015 to 2019, from 2019 onwards, the operating expenses will stay constant. As advised by the Management, since the Projects would reach a maturity stage in 2019 when the revenue is stable, stable operating expenditures would be sufficient to sustain the operation in the forecasted period.

As advised by the Management, the drops in total operating expenses to revenue of both Projects are due to economy of scale along with growth of the business scale from September 2015 to 2019. The increase in scale could bring more opportunity to expand the markets. The Management expects the management expenses which is a component of operating expenses will not significantly increase with the increasing selling amount. Thus, the total operating expenses to revenue of both Projects are expected to drop.

Also, Hainan Zhongyou Jiarun Group has long establishment and influence in Hainan LNG market, while in Hefei, Hefei Kunlun entered into the market only in year 2013. Therefore, Hainan Zhongyou Jiarun Group will spend more money on promotion, treating to customers, and other marketing activities in Project B. Therefore, the Management believes the operating expenses to revenue will be higher in Project B.

8.4.5.4 Depreciation Expense

The depreciation expense for the fixed assets and forecasted capital expenditure of the Projects were estimated by straight line depreciation method assuming 20 years of the useful life of fixed assets, as advised by the Management.

8.4.5.5 Income Tax Expense

The income tax expense of the Projects were estimated by adopting the corporate tax rate in China of 25% as advised by the Management.

8.4.5.6 Net Profit

Net profit of the Projects were derived by subtracting the cost of goods sold, operating expenses, depreciation expense and income tax expense from the revenue.

8.4.5.7 Working Capital

The change in working capital of the Projects were estimated by considering the multiples of comparable companies including the turnover days of account receivables, inventory and account payable. The

Management expects that the turnover days of account receivables, inventory and account payable of the Projects would tend to the median turnover days of the comparable companies when estimating the change of working capital.

8.4.5.8 Capital Expenditure

The capital expenditure adopted for the Projects were estimated by the Management with reference to the Management's development and construction plans and feasibility studies of the Projects.

For Project A, capital expenditure in 2016, 2017 and 2018 are RMB42,000,000, RMB30,000,000 and RMB30,000,000 respectively which are expected to use for the construction of LNG refuelling stations for vehicles and vessel. For Project B, capital expenditure in 2016, 2017 and 2018 are RMB5,000,000, RMB5,000,000 and RMB5,000,000 respectively which are expected to use for the construction of LNG refuelling stations for vehicles. From 2019 onwards, no capital expenditure is required for both Projects as the Management has no plan to expand the business or construct more LNG refuelling stations.

Below is the existing and the estimated increment of the LNG refuelling stations, gasification station using LNG and movable LNG refuelling equipment throughout the forecasted period:

Number of LNG refuelling station/gasification station using LNG/ movable LNG refuelling equipment	**2015 (existing)**	**2016 (increment)**	**2017 (increment)**	**2018 (increment)**	**2019 onwards (increment)**
Hainan (海南)	3	5	5	5	0
Wuhu (蕪湖)	0	1	1	1	0
Hefei (合肥)	5	1	1	1	0

8.5 Marketability and Minority Discounts

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. We have made reference to the result of the restricted stock study published in "A Companion Guide to the FMV Restricted Stock Study 2015 Edition" ("Guide") by FMV Opinions, Inc., one of the national preeminent firms offering a broad range of financial advisory services to private and public companies. According to the study, 727 private placement transactions of unregistered common stock issued by publicly traded companies from July 1980 through September 2014

were examined. The marketability discount was the percentage difference between the private placement price per share and the market trading price per share. Although the study does not specify the details of the transactions, the study states that a company's industry should not in itself have a significant impact on the discount for lack of marketability. Therefore, we were of the opinion that it was fair and reasonable to adopt the median discount for the 727 transactions (excluding premiums) of 16.11% as the marketability discount in arriving at the market value of the Projects as at the Date of Valuation.

We have adopted the Guide for marketability discount due to the lack of similar studies in other countries. In addition, despite all companies in the database of the Guide were traded on the United States exchanges and filed with the U.S. Securities and Exchange Commission, since there is no conclusive evidence that suggests any relationship between marketability discount and country of domicile, we did not make any adjustment on the marketability discount.

The minority discount represents a downward adjustment to the fair value of a minority and non-controlling investment to reflect its reduced level of control. With reference to the Mergerstat Control Premium Study (2nd Quarter 2015), we arrived at the average control premium of 21.89% after analyzing the transactions. With the average control premium, we estimated the minority discount of 17.96% by (1 – 1 ÷ (1 + control premium)) which is a common practice in converting control premium to minority discount. We considered industry of electric, gas and sanitary services in the Mergerstat Control Premium Study (2nd Quarter 2015) is the most representative and relevant category to the Projects. Therefore, we considered the minority discount adopted was appropriate for this valuation. This minority discount was applied in arriving at the 40% market value of equity interest of Project A and 58% market value of equity interest of Project B (i.e. 28% equity interest through acquiring Hainan Zhongyou Jiarun plus 30% equity interest through direct acquisition) as at the Date of Valuation due to non-controlling interest to be acquired.

8.6 Summary of Projects Valuation

The values of the Projects were showed as follows:

Projects	*RMB*
40% equity interest of Project A	83,682,000
58% equity interest of Project B	33,233,000

To determine the market value of the Projects as at the Date of Valuation, we have considered the percentage of equity interest of the Projects to be acquired by the Company, cash and debt balances, non-operating assets and liabilities of the Projects, and adjustments for consolidated accounts based on the latest audited consolidated accounts as at the Date of Valuation as provided by the Management. Detailed calculation is shown as below:

Project A	**As at 31 August 2015** *RMB*
Total Present Value of the Projects	320,044,776
Add: Cash	2,515,538
Less: Debt	(20,000,000)
Add: Net Non-Operating Assets/(Liabilities)	1,409,743
100% Market Value of Project A	**303,970,057**
40% Market Value of Project A	**121,588,023**
Less: Marketability Discount of 16.11%	(19,587,830)
40% Market Value of Project A after Marketability Discount	**102,000,192**
Less: Minority Discount of 17.96%	(18,318,650)
40% Market Value of Project A after Marketability Discount and Minority Discount (Rounded)	**83,682,000**

Project B	**As at 31 August 2015** *RMB*
Total Present Value of the Projects	93,622,985
Add: Cash	3,600,004
Less: Debt	(16,000,000)
Add: Net Non-Operating Assets/(Liabilities)	2,030,251
100% Market Value of Project B	**83,253,240**
58% Market Value of Project B	**48,286,879**
Less: Marketability Discount of 16.11%	(7,779,016)
58% Market Value of Project B after Marketability Discount	
Less: Minority Discount of 17.96%	(7,274,980)
58% Market Value of Project B after Marketability Discount and Minority Discount (Rounded)	**33,233,000**

Summary	As at 31 August 2015 *RMB*
40% Market Value of Project A after Marketability Discount and Minority Discount (Rounded)	83,682,000
58% Market Value of Project B after Marketability Discount and Minority Discount (Rounded)	33,233,000
Total (Before Consolidation Adjustment)	**116,915,000**
Adjustment in Assets *(Note 1)*	(2,437,741)
Adjustment in Liabilities *(Note 1)*	1,192,000
Total (After Consolidation Adjustment) (Rounded)	**115,669,000**

Note 1: The adjustment in assets and adjustment in liabilities were consolidation adjustments made with reference to the audited consolidated financial statements of Hainan Zhongyou Jiarun Group as at 31 August 2015 as provided by the Management. The consolidation adjustments are related to the elimination of intra-group balances within Hainan Zhongyou Jianrun Group which were not reflected in the single company financial statement of Hainan Zhongyou Jiarun, Anhui Zhongyou Jiarun and Hefei Kunlun.

9. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The valuation was primarily based on the financial projections and latest audited consolidated accounts of the Projects as at 31 August 2015 as provided by the Management. The projections outlined in the financial information provided were assumed to be reasonable, reflecting market conditions and economic fundamentals, and will be materialized;

- The Projects will commence operation as planned by the Management;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Projects operate or intend to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the Projects operate, and the Projects will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Projects operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Projects operate or intend to operate, which would adversely affect the revenues attributable to and profitability of the Projects; and

- Interest rates and exchange rates in the localities for the operation of the Projects will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Hainan Zhongyou Jiarun Group. The factors considered included, but were not necessarily limited to, the following:

- Audited consolidated accounts of the Hainan Zhongyou Jiarun Group as at 31 August 2015;

- The financial projections as provided by the Management;

- Historical operational information of the Hainan Zhongyou Jiarun Group;

- General descriptions in relation to the Hainan Zhongyou Jiarun Group; and

- Economic outlook in China.

We have discussed the details with the Management. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We had assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as company background and business nature of the Hainan Zhongyou Jiarun Group provided to us.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position

to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Hainan Zhongyou Jiarun Group was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Hainan Zhongyou Jiarun Group.

We have not investigated the title to or any legal liabilities of the Hainan Zhongyou Jiarun Group, and have assumed no responsibility for the title to the Hainan Zhongyou Jiarun Group appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, Hainan Zhongyou Jiarun Group, their subsidiaries and associated companies, or the values reported herein.

13. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of 40% equity interest in Hainan Zhongyou Jiarun, 40% equity interest in Anhui Zhongyou Jiarun and 58% equity interest in Hefei Kunlun as at the Date of Valuation, in our opinion, was reasonably stated as **RMB115,669,000 (RENMINBI ONE HUNDRED FIFTEEN MILLION SIX HUNDRED AND SIXTY NINE THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Deloitte.
德勤

ACCOUNTANTS' REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 40% EQUITY INTEREST IN HAINAN ZHONGYOU JIARUN GROUP

TO THE DIRECTORS OF BLUE SKY POWER HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Roma Appraisals Limited dated 25 February 2016, of a 40% equity interest in 海南中油嘉潤天然氣有限公司 (Hainan Zhongyou Jiarun Natural Gas Co., Limited), 40% equity interest in 安徽中油嘉潤有限公司 (Anhui Zhongyou Jiarun Co., Limited) and 58% equity interest in 合肥崑崙能源有限公司 (Hefei Kunlun Energy Co., Limited) (hereinafter collectively referred to as the "Hainan Zhongyou Jiarun Group") as at 31 August 2015 (the "Valuation") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be included in a circular dated 25 February 2016 to be issued by Blue Sky Power Holdings Limited (the "Company") in connection with the acquisition of the entire issued share capital of Fox Smart Ltd. (the "Circular").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the section headed " Major Assumptions" set out in Appendix V of the Circular (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a

comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of Hainan Zhongyou Jiarun Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 February 2016

Lego Corporate Finance Limited
力高企業融資有限公司

25 February 2016

The Board of Directors
Blue Sky Power Holdings Limited (the "Company")

Dear Sirs,

Re: THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 40% EQUITY INTEREST IN 海南中油嘉潤天然氣有限公司(HAINAN ZHONGYOU JIARUN NATURAL GAS CO., LIMITED*), 40% EQUITY INTEREST IN 安徽中油嘉潤有限公司 (ANHUI ZHONGYOU JIARUN CO., LIMITED*) AND 58% EQUITY INTEREST IN 合肥崑崙能源有限公司 (HEFEI KUNLUN ENERGY CO., LIMITED*)

We refer to the business valuation (the "Valuation") prepared by Roma Appraisals Limited (the "Valuer") set out in Appendix V to the circular of the Company dated 25 February 2016 (the "Circular") in relation to the acquisition of the entire issued share capital of Fox Smart Ltd.. Terms defined in this letter shall have the same meanings as those used in the Circular, unless the context otherwise requires.

The Valuation, which has been arrived at using the discounted cash flow method, is based on the cash flow forecast of the Hainan Zhongyou Jiarun Group (the "Forecasts") provided by the management of the Company. As the Forecasts are regarded as a profit forecast under Rule 14.61 of the Listing Rules, we have been engaged solely for the purpose of reporting to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We are not reporting on the arithmetical calculations of the Forecasts or the Valuation, nor the adoption of accounting policies thereof. Our work does not constitute any valuation of the Hainan Zhongyou Jiarun Group. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We have discussed with the management of the Company and the Valuer the information and documents provided by the Company and the Target Group. We understand such information and documents form part of the bases and assumptions upon which the Forecasts have been prepared and for which you as the Directors are solely responsible. The Forecasts are based on a number of bases and assumptions pertaining to the business of the Hainan Zhongyou Jiarun Group. As the relevant bases and assumption are about future events which may or may not occur, the actual financial performance of the business of the Hainan Zhongyou Jiarun Group may or may not achieve as expected and the variation may be material.

We have also considered the letter from Deloitte Touche Tohmatsu of today to you regarding the calculation upon which the Forecasts have been made. We have noted that no accounting policies of the Company have been adopted in your preparation of the Forecasts as the Valuation relates only to discounted future estimated cash flows.

On the basis of the foregoing, we are of the opinion that the Forecasts, for which you as the Directors are solely responsible, have been made after due and careful enquiry.

Your faithfully,
For and on behalf of
Lego Corporate Finance Limited
Gary Mui
Chief Executive Officer

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*HK$*
91,000,000,000	ordinary shares of HK$0.055 each	5,005,000,000

Issued and fully paid or credited as fully paid:		*HK$*
6,113,609,768	ordinary shares of HK$0.055 each	336,248,537

Immediately after Completion, the authorised and issued share capital of the Company will be as follows:

Authorised:		*HK$*
91,000,000,000	ordinary shares of HK$0.055 each	5,005,000,000

Issued and fully paid or credited as fully paid:		*HK$*
6,113,609,768	Shares as at Latest Practicable Date	336,248,537
158,333,333	Allotment and issue of Consideration Shares	8,708,333
6,271,943,101	Total	344,956,870

All Shares currently in issue and the Consideration Shares rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, warrants, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the model code contained in the Listing Rules were as follows:

(i) Directors' interests and short positions in Shares and underlying Shares and debentures of the Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of shareholding at the Latest Practicable Date
Mr. Cheng Ming Kit	Beneficial owner	49,005,000	0.80
	Interest of controlled corporation *(note 1)*	903,190,256	14.77
Mr. Sze Chun Lee	Beneficial owner	1,800,000	0.03
	Interest of controlled corporation *(note 2)*	171,488,480	2.80
Ms. Chung Oi Ling, Stella	Interest of controlled corporation *(note 3)*	206,340,000	3.38
Mr. Kwok Shek San	Beneficial owner *(note 4)*	7,296,000	0.12
Mr. Hu Xiaoming	Beneficial owner *(note 5)*	2,640,000	0.04

Notes:

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

(2) Mr. Sze Chun Lee holds 43.75% interest in China Print Power Limited and is deemed to be interested in 171,488,480 Shares held by China Print Power Limited. Mr. Sze Chun Lee personally holds 1,800,000 Shares.

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

(4) Mr. Kwok Shek San personally holds 7,296,000 Shares.

(5) Mr. Hu Xiaoming personally holds 2,640,000 Shares.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO.

(ii) Directors' interests and short positions in Shares, underlying Shares and debentures of any associated corporation

Name of Director	Nature of interest	Number of shares	Approximate percentage of shareholding at the Latest Practicable Date
Mr. Sze Chun Lee	China Print Power Limited	4,375	43.75

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company and their associates had an interest or short position in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she has taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any Directors or chief executives of the Company, the following persons/corporations (other than the Directors and the chief executive officer of the Company) had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long positions of substantial shareholders' interests and short positions in Shares and underlying Shares of the Company

Name of Shareholder	Capacity	Number of shares	Approximate percentage of shareholding at the Latest Practicable Date
Mr. Lee Tsz Hang *(note 1)*	Beneficial owner	438,069,000	7.12
	Interest of controlled corporation	127,400,000	2.08
Quantum China Asset Management Limited	Investment manager	404,048,000	6.61
Templeton Asset Management Ltd. *(note 2)*	Investment manager	327,500,000	5.36
Templeton Strategic Emerging Markets Fund IV, LDC	Beneficial owner	327,500,000	5.36
Haitong International Investment Fund SPC-Fund I SP *(Note 3)*	Beneficial owner	416,666,666	6.82
Beijing Enterprises Holdings Limited *(Note 4)*	Interest of controlled corporation	3,271,111,110	53.51

Notes:

(1) Mr. Lee Tsz Hang holds 100% interest in Win Ways Investment Limited and is deemed to be interested in 127,400,000 Shares held by Win Ways Investment Limited. Mr. Lee Tsz Hang personally holds 438,069,000 Shares.

(2) On 13 August 2015, Templeton Strategic Emerging Markets Fund IV, LDC (the "Subscriber") entered into a convertible bond subscription agreement (the "Convertible Bond Subscription Agreement") with the Company, pursuant to which the Subscriber conditionally agreed to subscribe, and the Company conditionally agreed to issue convertible bond in an aggregate principal amount of HK$116,000,000, which will be convertible into 290,000,000 Shares at the initial conversion price of HK$0.40. The Subscriber is managed by Templeton Asset Management Ltd's Emerging Markets Group.

On 30 November 2015, the Subscriber entered into a convertible bond subscription agreement with the Company, pursuant to which the Subscriber conditionally agreed to subscribe, and the Company conditionally agreed to issue convertible bond in an aggregate amount of HK$15,000,000, which will be converted into 37,500,000 Shares at the initial conversion price of HK$0.40.

(3) On 4 December 2015, the Company entered into the subscription agreement with Haitong International Capital Management Limited ("Haitong") pursuant to which Haitong conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bond in an aggregate principal amount of HK$200,000,000, which will be converted into 416,666,666 Shares at the initial conversion price of HK$0.48.

(4) On 5 January 2016, the Company entered into two subscription agreements with Beijing Gas, pursuant to which Beijing Gas conditionally agreed to subscribe and pay for 2,155,555,555 subscription shares of the Company at the subscription price of HK$0.45 and conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bond in an aggregate principal amount of HK$350,000,000 at the issue price of HK$0.45 which will be converted into 777,777,777 shares, respectively.

On the same day, the Company and Beijing Gas entered into an acquisition agreement pursuant to which the Company conditionally agreed to acquire, and Beijing Gas conditionally agreed to sell, the entire issued capital of the target company at a total consideration of HK$152,000,000. The consideration is to be satisfied by the issuance of 337,777,778 consideration shares at the issue price of HK$0.45.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person had or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date none of the Directors had any direct or indirect interest in any assets which had been or were proposed to be acquired, disposed of by or leased to any member of the Enlarged Group since 31 December 2014, the date to which the latest published audited financial statements of the Company were made up. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

6. EXPERT AND CONSENTS

The following are the qualifications of the experts who have given their opinions or advices which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Lego Corporate Finance Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Roma Appraisals Limited	Independent professional valuer

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinions and letters, as the case may be, and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, none of the above experts has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts has any interests, either direct or indirect, in any assets which had been or were proposed to be acquired, disposed of by or leased to any member of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Company were made up.

7. MATERIAL CONTRACTS

The following material contracts have been entered into by the Enlarged Group (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this circular:

(i) an exclusive operational agreement dated 5 January 2014 between 普揚有限公司 (Rich Result Limited), an indirect wholly-owned subsidiary of Shine Great Investments Limited ("Shine Great"), and 淮安市淮陽區丁集鎮人民政府 (the People's Government of Ding Ji Town, Huai Yang District of Huai An City, Jiangsu Province, the PRC*) in relation to the operation of natural gas residential and commercial natural gas provision network for a term of 30 years with proposed investment amount of US$15,000,000;

(ii) a joint venture agreement dated 10 March 2014 between Goldlink Capital Limited ("Goldlink") and 黃典卿 (Huang Dianqing) relating to the formation of a joint venture with issued share capital of US$100, of which 黃典卿 holds 45% and Goldlink holds 55% for the possible acquisition of 55% equity interest in 黃崗市

環孚天然氣有限公司 (Huanggang City Huanfu Natural Gas Co., Ltd.*). Details of the transaction were disclosed in the announcement of the Company dated 10 March 2014;

(iii) a sale and purchase agreement dated 5 May 2014 (as supplemental on 23 June 2014) among New Topic Limited as vendor, Goldlink as purchaser and Mr. Lee Tsz Hang and Mr. Lin Zhangli as guarantors for the acquisition of all the issued share capital of Cloud Decade Limited for a consideration of HK$515,432,000. Details of the transaction were disclosed in the announcement of the Company dated 5 May 2014;

(iv) a sale and purchase agreement dated 24 September 2014 between 吳順均 (Wu Shun Jun) and 朱永帥 (Zhu Yong Shuai) as vendors and 深圳耀佳德能源有限公司 (Shenzhen Yaojiade Energy Resources Limited*) as purchaser for the acquisition of 75% equity interest in 四川富瑞德能源開發有限公司 (Sichuan Rich Reid Energy Development Co., Ltd.*) for a consideration of RMB17,250,000. Details of the transaction were disclosed in the announcement of the Company dated 24 September 2014;

(v) a placing agreement dated 30 September 2014 between the Company and China Galaxy International Securities (Hong Kong) Co., Limited ("Galaxy International") pursuant to which Galaxy International would procure the placees to subscribe for the convertible bonds in the principal amount of up to HK$50,000,000 which shall be converted into 12,690,355 conversion shares at the initial conversion price of HK$3.94 each. Details of the transaction were disclosed in the announcement of the Company dated 30 September 2014;

(vi) the subscription agreement dated 7 October 2014 entered into between Shine Great and Goldlink in relation to the proposed subscription of 1,453,790 shares to be issued by Shine Great by Goldlink for a total consideration of RMB30,000,000 (equivalent to approximately HK$37,800,000). Details of the transaction were disclosed in the announcement and circular of the Company dated 7 October 2014 and 2 January 2015, respectively;

(vii) the sale and purchase agreement dated 7 October 2014 entered into between Total Belief Limited ("Total Belief") and Goldlink relating to the proposed subscription of 1,453,790 shares to be issued by Shine Great by Goldlink and the proposed acquisition of shares by Goldlink from Total Belief pursuant to the terms and conditions of the sale and purchase agreement. Details of the transaction were disclosed in the announcement and circular of the Company dated 7 October 2014 and 2 January 2015, respectively;

(viii) a sale and purchase agreement dated 9 October 2014 entered into between 桂菊明 (Gui Juming*) as vendor and 深圳華威豪能源有限公司 (Shenzhen Warwick Ho Energy Company Limited*) as purchaser for the acquisition of 55% of the entire issued share capital of 黃崗市環孚天然氣有限公司 (Huanggang City Central Corfu Natural Gas Company Ltd.*) for a consideration of RMB10,000,000;

(ix) a sale and purchase agreement dated 1 November 2014 among Huang Minghua as vendor, Goldlink as purchaser and Fan Dream Ltd. for the acquisition of all the issued share capital of Fan Dream Ltd. for a consideration of RMB6,000,000;

(x) the sale and purchase agreement dated 3 November 2014 between Goldlink and 吳玉生 (Wu Yusheng) in relation to the acquisition of the entire issued share capital of Well Organising Group Limited. Details of the transaction were disclosed in the announcement of the Company dated 4 November 2014;

(xi) a placing agreement dated 6 January 2015 entered into between the Company and Ample Orient Capital Limited ("Ample Orient") pursuant to which Ample Orient would procure the placees to subscribe for the bonds to be issued by the Company up to an aggregate principal amount of HK$50,000,000. Details of the transaction were disclosed in the announcement of the Company dated 6 January 2015;

(xii) a placing agreement dated 28 January 2015 entered into between the Company and Istar International Securities Co. Limited ("Istar International") pursuant to which Istar International would procure the placees to subscribe for the bonds to be issued by the Company up to an aggregate principal amount of HK$50,000,000. Details of the transaction were disclosed in the announcement of the Company dated 28 January 2015;

(xiii) a placing agreement dated 30 January 2015 entered into between the Company and AMTD Asset Management Limited ("AMTD Asset") pursuant to which AMTD Asset would procure the placees to subscribe for the bonds to be issued by the Company up to an aggregate principal amount of HK$50,000,000. Details of the transaction were disclosed in the announcement of the Company dated 30 January 2015;

(xiv) the subscription agreement dated 13 February 2015 entered into between the Company and Mr. Wang Wen pursuant to which the Company agreed to issue HK$7,000,000 in aggregate principal amount of 7% coupon bonds and Mr. Wang Wen agreed to purchase the bonds from the Company. Details of the transaction were disclosed in the announcement of the Company dated 13 February 2015;

(xv) a placing agreement dated 13 March 2015 entered into between the Company and Kingston Securities Limited ("Kingston Securities") as the placing agent pursuant to which the Company has conditionally agreed to place through Kingston Securities, on a best effort basis, up to 162,500,000 shares at the placing price of HK$0.4 per share to not less than six placees. Details of the transaction were disclosed in the announcement of the Company dated 13 March 2015;

(xvi) the Acquisition Agreement dated 13 April 2015 entered into between the Company and 中邦財富股權投資基金管理(北京)有限公司 (Zhongbang Wealth Equity Investment Fund Management (Beijing) Co. Ltd.*) ("Zhongbang Wealth") pursuant to which the Company agreed to acquire, and Zhongbang Wealth agreed to sell, the beneficiary rights of the principal in the amount of RMB15.0 million (equivalent to approximately HK$18.7 million) under the 首創

金源財富1號定向資產管理計畫 (Beijing Capital Jinyuan Wealth No. One Target Asset Management Scheme*). Details of the transaction were disclosed in the announcement of the Company dated 13 April 2015;

(xvii) a placing agreement dated 29 May 2015 entered into between the Company and Kingston Securities pursuant to which the Company has conditionally agreed to place through Kingston Securities, on a best effort basis, up to 100,000,000 shares at the placing price of HK$0.43 per share to not less than six placees. Details of the transaction were disclosed in the announcement of the Company dated 29 May 2015;

(xviii) the Acquisition Agreement dated 16 July 2015 entered into among the Company, Goldlink and Grand Powerful Group Limited ("Grand Powerful") pursuant to which Goldlink conditionally agreed to acquire, and Grand Powerful conditionally agreed to sell, the share of Smart Rainbow Investments Limited at the consideration of HK$100,000,000, which shall be fully settled by the allotment and issue of 256,410,256 new shares of the Company to Grand Powerful (or its nominee(s)) at the issue price of HK$0.39 per share. Details of the transaction were disclosed in the announcement of the Company dated 16 July 2015;

(xix) a placing agreement dated 22 July 2015 entered into between the Company and AMTD Asset pursuant to which AMTD Asset agreed to act as the placing agent, on a best effort basis, for the purposes of arranging placees to subscribe for bonds of the Company up to an aggregate principal amount of HK$50,000,000. Details of the transaction were disclosed in the announcement of the Company dated 22 July 2015;

(xx) the Acquisition Agreement dated 10 August 2015 entered into among the Company, Goldlink and Ms. ZHENG Xiuzhu (鄭秀珠) pursuant to which Goldlink conditionally agreed to acquire, and Ms. Zheng Xiuzhu conditionally agreed to sell, the share of Energy Shell Limited at the consideration of HK$158,000,000, of which HK$17,500,000 shall be satisfied by cash, HK$40,000,000 shall be satisfied by the promissory note and the balance of HK$100,500,000 shall be satisfied by the allotment and issue of 251,250,000 new shares of the Company at the issue price of HK$0.40 per share. Details of the transaction were disclosed in the announcement of the Company dated 10 August 2015;

(xxi) a convertible bond subscription agreement dated 13 August 2015 between the Company and Templeton Strategic Emerging Markets Fund IV, LDC ("Templeton") pursuant to which Templeton conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bonds in an aggregate principal amount of HK$116,000,000 at the price equivalent to 100% of the aggregate principal amount of the convertible bond at which the convertible bond shall be subscribed. Details of the transaction were disclosed in the announcement of the Company dated 13 August 2015;

(xxii) the sale and purchase agreement dated 21 September 2015 entered into between Goldlink and the Trade Oasis Holdings Limited ("Trade Oasis") pursuant to which Goldlink conditionally agreed to acquire, and Trade Oasis conditionally agreed to sell, the share of Faster Success Global Limited at the Consideration of RMB13,000,000, of which RMB5,500,000 shall be satisfied by cash and the balance of RMB7,500,000 shall be satisfied by the allotment and issue of 24,019,737 new shares of the Company at the issue price of HK$0.38 per share. Details of the transaction were disclosed in the announcement of the Company dated 21 September 2015;

(xxiii) a convertible bond subscription agreement dated 30 November 2015 between the Company and Templeton pursuant to which Templeton conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bonds in an aggregate principal amount of HK$15,000,000 at the price equivalent to 100% of the aggregate principal amount of the convertible bond at which the convertible bond shall be subscribed. Details of the transaction were disclosed in the announcement of the Company dated 30 November 2015;

(xxiv) a convertible bond subscription agreement dated 4 December 2015 between the Company and Haitong pursuant to which Haitong conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bonds in an aggregate principal amount of HK$200,000,000 at the price equivalent to 100% of the aggregate principal amount of the convertible bond at which the convertible bond shall be subscribed. Details of the transaction were disclosed in the announcement of the Company dated 4 December 2015;

(xxv) the Acquisition Agreement;

(xxvi) the Beijing Gas Acquisition Agreement;

(xxvii) the Beijing Gas Share Subscription Agreement; and

(xxviii) the Beijing Gas CB Subscription Agreement.

Save as disclosed above, no other material contract had been entered into by the Enlarged Group within the two years immediately preceding the date of this circular.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates has any interests, either direct or indirect, in any assets which had been or were proposed to be acquired, disposed of by or leased to any member of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Company were made up, nor do they have any interest in any business that competes or is likely to compete with the business of the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any Material Adverse Change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Company were made up.

10. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the office of the Company at Room 1411, 14/F, New World Tower I, 16–18 Queen's Road Central, Central, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

(i) the memorandum and bye-laws of the Company;

(ii) this circular;

(iii) the Acquisition Agreement;

(iv) the Accountants' Report of Hainan Zhongyou Jiarun Group, the text of which is set out in Appendix II-A;

(v) the Accountants' Report of the Target Group, the text of which is set out in Appendix II-B;

(vi) the Accountants' Report of Shenzhen Jiashi, the text of which is set out in Appendix II-C;

(vii) the reports on forecasts underlying the valuation of the Hainan Zhongyou Jiarun Group, the texts of which are set out in Appendix V-A;

(viii) the Valuation Report, the text of which is set out in Appendix V;

(ix) the independent reporting accountants' assurance report on the compilation of pro forma financial information included in a circular, the text of which is set out in Appendix IV;

(x) the annual reports of the Company for the three years ended 31 December 2014;

(xi) the interim report of the Company for the six months ended 30 June 2015;

(xii) the written consent from the experts referred to in the paragraph headed "Experts and Consents" in this appendix;

(xiii) the material contracts referred to in the above paragraph headed "Material Contracts" in this appendix; and

(xiv) the circulars of the Company issued pursuant to Chapter 14 and/or Chapter 14A of the Listing Rules since 31 December 2014.

12. GENERAL

(a) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

(b) The registered office and the principal place of business of the Company are situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 1411, 14/F, New World Tower I, 16-18 Queen's Road Central, Hong Kong respectively.

(c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Mr. Siew Chun Fai, a Financial Controller of the Company.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Blue Sky Power Holdings Limited (the "Company") will be convened and held at Level 9, Central Building, 1–3 Pedder Street, Central, Hong Kong on Wednesday, 16 March 2016 at 11:00 a.m. ("SGM") for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as ordinary resolution of the Company.

Any shareholder of the Company ("Shareholder"), person being a depository agent or a holder of a securities account maintained with The Central Depository (Pte) Limited ("Depositor") or proxy who wishes to attend, speak and vote at the SGM may do so via video conferencing at Level 30, Singapore Land Tower, 50 Raffles Place, Singapore 048623. The person attending the said video conference will be able to pose questions to the Company management and to comment on issues on the SGM's agenda. Please be on time to avoid disrupting the SGM as the SGM will commence at the stipulated time.

ORDINARY RESOLUTION

1. the sale and purchase agreement dated 11 December 2015 (the "Acquisition Agreement") entered into among the Company, Goldlink Capital Limited and Mr. Huang Liedan as vendor (the "Vendor") in relation to the acquisition of the entire issued share capital of Fox Smart Ltd., a copy of which has been tabled at the meeting and marked "X" for the purpose of identification, and transactions contemplated thereunder (including the allotment and issue of Consideration Shares, as defined in the circular dated 25 February 2016 despatched to the shareholders of the Company ("Circular"))be and hereby approved, confirmed and ratified; and

2. any executive director of the Company be and is hereby authorised to do all such acts and/or things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivering all agreements, documents and instruments) as he in his sole and absolute discretion deem necessary, desirable or expedient to implement and/or give effect to any matters related to the Acquisition Agreement and the transactions contemplated thereunder.

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

Hong Kong, 25 February 2016

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Place of business in Hong Kong:
Room 1411, 14/F,
New World Tower I
16–18 Queen's Road Central
Central, Hong Kong

Notes:

1. A Singapore proxy form (for Singapore Shareholders), a Hong Kong proxy form (for Hong Kong Shareholders) or a Depositor proxy form (for Depositors) is enclosed herewith.

2. A Shareholder who is entitled to attend and vote at the SGM may appoint another person as his/her proxy to attend and vote instead of him/her. A Shareholder entitled to attend and vote at the SGM who is a holder of two or more shares is entitled to appoint no more than two proxies to attend and vote on his/her behalf. If a Shareholder is the Depository or a clearing house (in each case, as defined in the byelaws of the Company) (or its nominee(s)), the Depository or a clearing house (or its nominee(s)) may appoint more than two proxies to attend and vote at the SGM. A proxy need not be a Shareholder of the Company.

3. A Shareholder (other than The Central Depository (Pte) Limited or a clearing house or its nominee(s)) in Singapore who wishes to appoint a proxy should complete the attached Singapore proxy form. Thereafter, the Singapore proxy form must be lodged at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the SGM.

4. A Shareholder in Hong Kong who wishes to appoint a proxy should complete the attached Hong Kong proxy form. Thereafter, the Hong Kong proxy form must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the SGM.

5. A Depositor whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore) and who is unable to attend personally but wishes to appoint a nominee to attend and vote on his behalf, or if such Depositor is a corporation, should complete the attached Depositor proxy form and lodge the same at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time appointed for the SGM.

6. Where a Shareholder appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or by his/her attorney duly authorised in writing. If a Shareholder or Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer, attorney or other person authorised to sign the same.

8. Completion and return of the Singapore proxy form, the Hong Kong proxy form or the Depositor proxy form will not preclude members or Depositor as the case may be from attending and voting in person at the meeting or at any adjournment thereof (as the case may be) should they so wish, and in such event, such proxy form shall be deemed to be revoked.

9. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

10. As at the date of this circular, 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.