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, registered institution in securities, 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, registered institution in securities 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 securities of the Company mentioned herein.

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)

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SMART RAINBOW INVESTMENTS LIMITED AND THE ISSUE OF THE CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholder

Donvex 富域資本
Donvex Capital Limited
富域資本有限公司

A letter from the Board of the Company is set out on pages 6 to 21 of this circular. 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 Monday, 14 September 2015 is set out on pages 48 to 50 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.

26 August 2015

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Terms or expressions used in this circular shall, unless the context otherwise requires, have the meanings ascribed to them below:

"Acquisition Agreement"	the sale and purchase agreement dated 16 July 2015 entered into among the Company, the Purchaser and the Vendor in respect of the Proposed Acquisition (as maybe amended or varied from time to time by an agreement in writing duly executed by the parties to the Acquisition Agreement)
"Announcement"	the announcement of the Company dated 16 July 2015 in respect of the Proposed Acquisition
"Bermuda Companies Act"	the Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
"Business Day"	any day (excluding a Saturday or Sunday or public holiday) on which banks are open for business in Hong Kong and the PRC
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of the Company, as amended, supplemented or modified from time to time
"CDP"	the Central Depository (Pte) Limited, a wholly-owned subsidiary of the Singapore Exchange Limited
"Company"	Blue Sky Power Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, the issued Shares of which are primary 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 the 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 have been set out in the Announcement and in this circular
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration for the Sale Share

"Consideration Shares"	the new Shares to be allotted and issued at the Issue Price by the Company to the Vendor (or its nominee(s)) as full settlement of the Consideration
"Debt"	the amount payable of HK$56,250,000 owed by the Target to the Vendor as at the Latest Practicable Date, which will be assigned by the Vendor to the Purchaser upon Completion
"Depositor", "Depository", "Depository Register"	has the meaning ascribed to it in section 130A of the Singapore Companies Act
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Haikou LNG Terminal"	a LNG receiving terminal in Haikou in Hainan Province, the PRC, owned and operated by Shennan Energy
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing
"Independent Financial Adviser" or "Donvex Capital"	Donvex Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Independent Shareholders"	the Shareholders who are not involved in or interested in the Proposed Acquisition
"Issue Price"	the issue price of HK$0.39 per Consideration Share
"Last Trading Day"	15 July 2015, the last trading day preceding the date of Acquisition Agreement
"Latest Practicable Date"	20 August 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"LNG"	liquefied natural gas
"Long Stop Date"	31 December 2015, 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
"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
"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 under the laws of the BVI with limited liability which is directly wholly-owned by the Company
"Quick Smooth"	Quick Smooth Limited, a company incorporated under the laws of Hong Kong and a subsidiary of the Target
"Reorganisation"	the acquisition of 10% equity interest in Shennan Energy by Tian Li Xing Energy from Shennan Energy 10% Shareholder, which shall take place before Completion
"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
"SGM"	the special general meeting of the Company to be convened 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)

"Shennan Energy"	海南中油深南能源有限公司 (Hainan China Petroleum Shennan Energy Co., Limited*), a company established under the laws of the PRC, held as to 90% and 10% by Shennan Petroleum Technology and Shennan Energy 10% Shareholder, respectively, before the Reorganisation; and as to 90% and 10% by Shennan Petroleum Technology and Tian Li Xing Energy, respectively, after the Reorganisation
"Shennan Energy 10% Shareholder"	the holder of 10% equity interest in Shennan Energy as at the Latest Practicable Date
"Shennan Petroleum Technology"	海南中油深南石油技術開發有限公司 (Hainan China Petroleum Shennan Petroleum Technology Development Co., Limited*), a company established under the laws of the PRC and a wholly-owned subsidiary of Kunlun Energy Company Limited (a company listed on the Stock Exchange), which held 90% equity interest of Shennan Energy as at the Latest Practicable Date
"Shennan Petroleum Technology Shareholder's Loan"	the shareholder's loan of RMB477,500,000 extended by Shennan Petroleum Technology to Shennan Energy as at 31 December 2014
"Singapore Companies Act"	the Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
"Specific Mandate"	a specific mandate to be sought from the Independent Shareholders at the SGM in relation to the allotment and issue of the Consideration Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Smart Rainbow Investments Limited, a company incorporated under the laws of the BVI with limited liability on 16 March 2015
"Target Group"	the Target and its subsidiaries
"Tian Li Xing Energy"	深圳天力興能源有限公司 (Shenzhen Tian Li Xing Energy Co., Limited*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Target
"Vendor"	Grand Powerful Group Limited, a company incorporated under the laws of the BVI with limited liability which owns the entire issued share capital of the Target and is wholly owned by Mr. Cheng Ming Kit, an executive Director, as at the Latest Practicable Date

"US$"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent.

* *The English translation of Chinese names or words in this circular, where indicated, are included for information purposes only, and should not be regarded as the official English translation of such Chinese names or words.*

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK$ using the exchange rate of RMB0.8255:HK$1.00. Such translation shall not be construed as a representation that amount of RMB was or may have been converted.

Any reference to a time of day and date shall be a reference to Hong Kong time and date unless otherwise stated. Any discrepancies in the table included in this circular between the amounts listed and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this circular may not be an arithmetic aggregation of the figures that precede them.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.



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:
Mr. Cheng Ming Kit *(Chairman)*
Mr. Hu Xiaoming *(Chief Executive Officer)*
Mr. Sze Chun Lee
Mr. Hung Tao
Mr. Kwok Shek San

Non-executive Director:
Ms. Chung Oi Ling, Stella

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

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

26 August 2015

To the Shareholders

Dear Sir or Madam,

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SMART RAINBOW INVESTMENTS LIMITED AND THE ISSUE OF THE CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Proposed Acquisition. The Proposed Acquisition constitutes a share transaction under Chapter 14 of the Listing Rules and a non-exempt connected transaction subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to give you: (a) the details of the Acquisition Agreement and the transactions contemplated thereunder; (b) a letter from the Independent Board Committee to the Independent Shareholders; (c) a letter of advice from the Independent Financial Adviser setting out its opinions in relation to the Proposed Acquisition and the terms of the Acquisition Agreement to the Independent Board Committee and the Independent Shareholders; (d) the details of the Specific Mandate; (e) other information as required under the Listing Rules; and (f) the notice of the SGM.

THE ACQUISITION AGREEMENT

Date

16 July 2015

Parties

(i) the Company;

(ii) the Purchaser; and

(iii) the Vendor.

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.

The Target is principally engaged in the investment of LNG receiving terminal and LNG trading business in the PRC. Upon the completion of the Reorganisation, the major asset of the Target Group would be the 10% equity interest in Shennan Energy. Shennan Energy currently owns and operates the Haikou LNG Terminal.

Consideration

Pursuant to the Acquisition Agreement, the Consideration payable by the Purchaser for the purchase of the Sale Share from the Vendor shall be HK$100,000,000. The Consideration shall be satisfied fully by the allotment and issue of 256,410,256 Consideration Shares at the Issue Price.

Basis of Consideration

The Consideration was determined based on arm's length negotiations between the Purchaser and the Vendor having regard to the following factors:

(i) the financial position of the Target Group: The Target Group had an adjusted net asset value of HK$56.25 million based on its financial position as at 30 June 2015 and after adjusting the Debt owed by the Target to the Vendor (which will be assigned by the Vendor to the Purchaser upon Completion), which included the investment cost in Shennan Energy (whose 10% equity interest would be held by the Target before Completion) by the Target;

(ii) the prospects and potential of the business of the Target Group: The Target has entered into a strategic cooperation with Shennan Energy to secure storage capacity for LNG at Haikou LNG Terminal. In addition, the Target Group has business relationship with certain overseas gas sources which helps to ensure a stable supply of LNG to the Target Group for its LNG trading business in the PRC; and

(iii) the prime opportunities for the Group to tap into the LNG trading business in the PRC by becoming an indirect shareholder of Shennan Energy: The Target would hold 10% equity interest in Shennan Energy before Completion and hence upon Completion, the Company would become an indirect shareholder of Shennan Energy. Shennan Energy currently owns and operates the Haikou LNG Terminal which provides for LNG storage capacity. Storage capacity of LNG receiving terminal is indispensable for conducting LNG trading business in the PRC. Becoming a shareholder and a strategic partner of Shennan Energy not only enables the Group to secure LNG storage capacity at Haikou LNG Terminal but also allows the Group to procure overseas LNG sources at competitive pricing.

Consideration Shares

The 256,410,256 Consideration Shares to be allotted and issued to the Vendor is calculated by dividing HK$100,000,000 with the Issue Price of HK$0.39, rounded down to the nearest whole number.

The Consideration Shares represent (i) approximately 4.92% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 4.69% 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.

Issue Price

The Issue Price per Consideration Share is determined with reference to the prevailing market price of the Shares. The Issue Price represents:

(i) the closing price of HK$0.39 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 1.27% to the average closing price of HK$0.395 per Share as quoted on the Stock Exchange in the last five consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 0.78% to the average closing price of HK$0.387 per Share as quoted on the Stock Exchange in the last ten consecutive trading days up to and including the Last Trading Day; and

(iv) a discount of approximately 7.14% to the closing price of HK$0.42 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

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, Tian Li Xing Energy having been registered as the holder of 10% equity interest in Shennan Energy 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, the board of the Purchaser and the board of directors of the Vendor, respectively;

(c) 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 has 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 British Virgin Islands; 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 Completion Date;

(f) the warranties given by the Vendor under the Acquisition Agreement being true, accurate and not misleading as 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 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;

(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; and

(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.

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

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

Termination

If any of the Conditions has not been fulfilled (or waived) on or before the Long Stop Date, 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) shall automatically terminate, and no party to the Acquisition Agreement shall have any claim against the other party, save in respect of claims arising out of any antecedent breach of the Acquisition Agreement.

Completion

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

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

INFORMATION ON THE TARGET

The Target

The Target was incorporated in the BVI with limited liability on 16 March 2015. The issued share capital of the Target as at the Latest Practicable Date was US$1.00. To the best knowledge of the Company, after making reasonable enquiry, the Target is principally engaged in the investment of LNG receiving terminal and LNG trading business in the PRC. As at the Latest Practicable Date, the Target had commenced LNG trading business in the PRC by entering into strategic cooperation with Shennan Energy to secure the LNG

storage capacity required for LNG trading at Haikou LNG Terminal and establishing business relationship with certain overseas LNG sources for the procurement of LNG. However, as the Target has yet to complete its first trading transaction, no revenue had been generated as at the Latest Practicable Date.

As at the Latest Practicable Date, the Target, through its indirect wholly-owned subsidiary Tian Li Xing Energy, was still in the process of completing the Reorganisation which involved obtaining 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) for the acquisition of 10% equity interest in Shennan Energy. It is expected that the Reorganisation will be completed in the fourth quarter of 2015. Upon the completion of the Reorganisation, the major asset of the Target Group would be the 10% equity interest in Shennan Energy. Shennan Energy currently owns and operates the Haikou LNG Terminal.

To the best knowledge of the Company, after making reasonable enquiry, Shennan Energy invested approximately RMB700 million into constructing the Haikou LNG Terminal. The Haikou LNG Terminal is located at the Macun Harbour in the Hainan Chengmai Old Town Development Area which covers an area of 430 acres. The Haikou LNG Terminal is equipped with two LNG storage tanks with a total storage capacity of 40,000 cubic meters and a dock which can occupy LNG vessels with storage tank capacity of up to 40,000 cubic meters. The Haikou LNG Terminal is expandable by the construction of two more LNG storage tanks with a total storage capacity of 160,000 cubic meters. The Haikou LNG Terminal has commenced its trial operation since late 2014. Since then, a total of 5 lots of LNG imports have docked at the Haikou LNG Terminal.

Financial Information on the Target

The Target was incorporated on 16 March 2015. It recorded a net asset value of HK$8.00 as at 30 June 2015. The table below sets forth further unaudited financial information of the Target based on its management accounts for the period ended 30 June 2015:

	For the period ended 30 June 2015 (Unaudited) *HK$'000*
Turnover	—
Profit before taxation	—
Profit after taxation	—

	As at 30 June 2015 (Unaudited) *HK$'000*
Deposits and prepayments for the acquisition of 10% equity interest in Shennan Energy	56,250
Amount due to the holding company	(56,250)
Net assets/liabilities	—

The amount due to the holding company of the Target, being the Debt, will be assigned to the Purchaser upon Completion, which will then become an intra-group balance to be eliminated in the Group's consolidated financial statements.

The deposits and prepayments for the acquisition of 10% equity interest in Shennan Energy represents the amount incurred by the Target (through Tian Li Xing Energy) to Shennan Energy 10% Shareholder for the Reorganisation. The 10% equity interest in Shennan Energy will be accounted as available-for-sale investment in the financial statements of the Target and the Company upon the completion of the Reorganisation and the Completion, respectively.

To the best knowledge of the Directors, the audited net asset value of Shennan Energy as at 31 December 2014 amounted to RMB47,635,000, which included the Shennan Petroleum Technology Shareholder's Loan of RMB477,500,000. As advised by the Vendor, it is expected that the Shennan Petroleum Technology Shareholder's Loan will be fully capitalised by Shennan Petroleum Technology in view of the potential business expansion of Shennan Energy in the near future. Accordingly, the adjusted net asset value of Shennan Energy will amount to RMB525,135,000 after such capitalisation.

To the best knowledge of the Directors, the timing and form of capitalisation of the Shennan Petroleum Technology Shareholder's Loan have yet to be decided, but it is likely that such capitalisation will take place after the completion of the Reorganisation as well as the Completion at the discretion of the new shareholders of Shennan Energy upon Completion (i.e. Shennan Petroleum Technology and Tian Li Xing Energy). Subject to the negotiation and discussion between the new shareholders of Shennan Energy upon Completion (i.e. Shennan Petroleum Technology and Tian Li Xing Energy), the capitalisation of the Shennan Petroleum Technology Shareholder's Loan may take the form of capitalisation of either (i) the capital reserve accounts and/or (ii) the share capital of Shennan Energy. In the event the Shennan Petroleum Technology Shareholder's Loan is capitalised to the capital reserve accounts of Shennan Energy, the Company (through the Target Group) will maintain its 10% interest in Shennan Energy. In the event the Shennan Petroleum Technology Shareholder's Loan is capitalised to the share capital of Shennan Energy, the Company's interest in Shennan Energy will be diluted, and in order to maintain its 10% interest in Shennan Energy, the Company (through the Target Group) will contribute approximately RMB53,056,000 (equivalent to approximately HK$64,271,000) to

the share capital of Shennan Energy, estimated based on the assumption that the full amount of the Shennan Petroleum Technology Shareholder's Loan will be capitalised. In the event the Company decides to contribute to the share capital of Shennan Energy, the Company will comply with the relevant Listing Rules.

The Consideration has taken into account the adjusted net asset value of Shennan Energy after the capitalisation of the Shennan Petroleum Technology Shareholder's Loan as the Directors believe that the Shennan Petroleum Technology Shareholder's Loan will be capitalised after considering the following factors:

(i) according to the audited report of Shennan Energy for the year ended 31 December 2014, the total assets of Shennan Energy as at 31 December 2014 amounted to RMB729.2 million while its net asset value as at 31 December 2014 amounted to RMB47,635,000 only. It is likely that the Shennan Petroleum Technology Shareholder's Loan will be capitalised to support the business development of Shennan Energy;

(ii) in the process of conducting due diligence process for the Proposed Acquisition, the Company had discussed with the representatives of Shennan Petroleum Technology and Shennan Energy about the likelihood of capitalising the Shennan Petroleum Technology Shareholder's Loan and understood they had the intention to do so; and

(iii) after Completion, the Company (through the Target Group) will hold 10% equity interest in Shennan Energy and will be able to take part in the discussion and has certain discretion in deciding the capitalisation of the Shennan Petroleum Technology Shareholder's Loan. It is likely that the Company will support the capitalisation of the Shennan Petroleum Technology Shareholder's Loan as the Directors believe that it is in the interest of Shennan Energy to do so to further develop its business, the successful development of which will be beneficial to the Company as well.

In the event that the Shennan Petroleum Technology Shareholder's Loan is not capitalised, the Company will still maintain the 10% equity interest in Shennan Energy. By being the indirect shareholder of Shennan Energy, the Company will still be able to secure the storage capacity at Haikou LNG Terminal which the Group can utilize to promote the business plan of tapping into the LNG trading business in the PRC.

In view of the above, the Directors (including the independent non-executive Directors whose views will be contained in this circular) consider that the Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Shareholding structure of the Target

Set out below is the shareholding structure of the Target as at the Latest Practicable Date and immediately after Completion:

(i) As at the Latest Practicable Date:



(ii) Immediately after Completion:



— means legal and beneficial interests

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally engaged in (i) the sales and distribution of natural gas and other related products; (ii) the sales of book products; and (iii) the sales of specialised products. Starting from the year of 2014, the Group focuses on the downstream natural gas distribution business in the PRC. As disclosed in the annual report of the Company for the year ended 31 December 2014, the Company is exploring opportunities to identify certain overseas LNG sources with competitive pricing, which will allow the Group to venture into the LNG trading business in the PRC.

The Target is principally engaged in the investment of LNG receiving terminal and LNG trading business in the PRC. Therefore the Proposed Acquisition fits into the Group's expansion plan. Upon the completion of the Reorganisation, the major asset of the Target Group would be the 10% equity interest in Shennan Energy.

Shennan Energy currently owns and operates the Haikou LNG Terminal. The Target has entered into a strategic framework agreement in June 2015 with Shennan Energy in respect of business cooperation regarding the import of overseas LNG and trading of LNG in the PRC. According to the strategic framework agreement, the Target will be responsible for the procurement of LNG from appropriate overseas sources, while Shennan Energy will be responsible for providing storage capacity to the Target for such procured LNG at the Haikou LNG Terminal. Shennan Energy and the Target will agree among themselves as to the volume of each batch of procured LNG to be taken up by each of them respectively, and pay for the purchase price accordingly. It is expected that the strategic cooperation with Shennan Energy can further facilitate the Target's business of LNG trading in the PRC as storage capacity of LNG receiving terminal is indispensable for conducting LNG trading business.

The Target has established business connection with certain overseas gas sources, including the gas field owners and/or trading companies in Singapore, Russia, Indonesia, the Middle East, etc., which can facilitate the Group to conduct LNG trading business by providing readily available upstream overseas gas sources and complement with the Group's existing natural gas business which is downstream focused.

Accordingly, as the Proposed Acquisition can enable the Group to (i) broaden its income stream by expanding into the LNG trading business developed and conducted by the Target, which will be strategically supported through the holding of interest in Shennan Energy (and in turn the assets of Haikou LNG Terminal) and the business connection of the Target; and (ii) import low-cost LNG as a gas source by securing storage capacity at Haikou LNG Terminal and the business relationship with certain overseas gas sources by the Target and supply to the Group's own refuelling stations to enhance the profit margin of the Group, the Board considers that the development of the Group's natural gas business in the PRC will also benefit from the Proposed Acquisition and the Proposed Acquisition represents a good potential investment for the Group.

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

The Purchaser

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

The Vendor

The Vendor is a company incorporated under the laws of the BVI on 11 June 2013 whose principal activity is investment holding.

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; and (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 Latest Practicable Date:

		As at the Latest Practicable Date		**Immediately after the allotment and issue of the Consideration Shares at the Issue Price**	
	Notes	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Directors					
Cheng Ming Kit	1	645,169,000	12.38	901,579,256	16.50
Sze Chun Lee	2	198,288,480	3.81	198,288,480	3.63
Chung Oi Ling, Stella	3	206,340,000	3.96	206,340,000	3.78
Kwok Shek San	4	7,296,000	0.14	7,296,000	0.13
Hu Xiaoming	5	2,640,000	0.05	2,640,000	0.05
Public Shareholders					
Public Shareholders		4,149,579,265	79.66	4,149,579,265	75.91
Total		5,209,312,745	100.00	5,465,723,001	100.00

Notes:

1. Mr. Cheng Ming Kit (an executive Director) holds 100% interest in the Vendor and is deemed to be interested in 399,764,000 Shares held by the Vendor. Mr. Cheng Ming Kit personally holds 245,405,000 Shares.

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

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

LISTING RULES IMPLICATIONS

Mr. Cheng Ming Kit, an executive Director of the Company, holds 100% equity interest in the Vendor. As such, the Vendor is an associate of Mr. Cheng Ming Kit and a connected person of the Company and the Purchaser under the Listing Rules. Accordingly, the Proposed Acquisition constitutes a connected transaction of the Company and the Purchaser under the Listing Rules.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are less than 5% and the Consideration includes the allotment and issue of Consideration Shares for which listing will be sought, the Proposed Acquisition constitutes a share transaction under Chapter 14 of the Listing Rules. In addition, since the Proposed Acquisition involves the allotment and issue of Consideration Shares to the Vendor, a connected person of the Company and the Purchaser under the Listing Rules, the Proposed Acquisition constitutes a non-exempt connected transaction which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval for, among other things, the Acquisition Agreement and the transactions contemplated thereunder as well as the Specific Mandate from the Independent Shareholders at the SGM. Mr. Cheng Ming Kit and his associates in aggregate hold 645,169,000 Shares, representing 12.38% interest in the issued share capital of the Company, and he and his associates will abstain from voting on the resolutions to be proposed at the SGM. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

BOARD'S APPROVAL

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.

Mr. Cheng Ming Kit is considered to have a material interest in the Proposed Acquisition by virtue of his interests in the Vendor, and has abstained from voting on the Board resolution to approve the Acquisition Agreement and the transactions contemplated thereunder.

Save as disclosed, no other Directors has a material interest in the Proposed Acquisition and the Board has approved the Acquisition Agreement and the transactions contemplated thereunder.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Donvex Capital as the independent financial adviser to the Company for providing advice to the Independent Board Committee and Independent Shareholders on whether the terms of the Acquisition Agreement are fair and reasonable,

and whether they are in the interest of the Company and the Shareholders as a whole. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 42 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders indicates that the Independent Financial Adviser considers that the terms of the Proposed Acquisition are fair and reasonable, the Acquisition Agreement were negotiated on an arm's length basis, on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

INDEPENDENT BOARD COMMITTEE

The Company has established an Independent Board Committee comprising all independent non-executive Directors for providing advice to the Independent Shareholders on whether the terms of the Acquisition Agreement are fair and reasonable, and whether they are in the interest of the Company and the Shareholders as a whole. Having considered the advice of the Independent Financial Adviser, the independent non-executive Directors are of the view that the terms and conditions of the Acquisition Agreement were negotiated on an arm's length basis, on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 22 to 23 of this circular.

CONNECTED PERSONS WHO ARE REQUIRED TO ABSTAIN FROM VOTING ON THE RESOLUTIONS

Pursuant to Rule 14A.36 of the Listing Rules, any shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the SGM.

As at the Latest Practicable Date and to the best knowledge, information and belief of the Directors, Mr. Cheng Ming Kit and his associates in aggregate hold 645,169,000 Shares, representing 12.38% interest in the issued share capital of the Company, and he and his associates will abstain from voting on the resolutions to be proposed at the SGM. Save as disclosed above, none of the other Shareholders are required to abstain from voting on the relevant resolutions.

SGM

A notice of the SGM is set out on pages 48 to 50 of this circular. The SGM will be convened and held at Level 9, Central Building, 1–3 Pedder Street, Central, Hong Kong on Monday, 14 September 2015 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 allotment and issue 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.

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.

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 lodgment 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.

RECOMMENDATIONS

The Board is of the view that the terms and conditions of the Acquisition Agreement were negotiated on an arm's length basis, on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions as set out in the notice of the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter form the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in Appendix I to this circular.

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

26 August 2015

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)

26 August 2015

To the Independent Shareholders

Dear Sir or Madam,

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SMART RAINBOW INVESTMENTS LIMITED AND THE ISSUE OF THE CONSIDERATION SHARES UNDER SPECIFIC MANDATE

We refer to the circular issued by the Company to the Shareholders of the company dated 26 August 2015 (the "**Circular**") of which this letter forms part. Capitalized terms defined in this Circular shall have the same meanings in this letter unless the context otherwise requires.

Mr. Cheng Ming Kit, an executive Director of the Company, holds 100% equity interest in the Vendor. As such, the Vendor is an associate of Mr. Cheng Ming Kit and a connected person of the Company and the Purchaser under the Listing Rules. Accordingly, the Proposed Acquisition constitutes a connected transaction of the Company and the Purchaser under the Listing Rules.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are less than 5% and the Consideration includes the allotment and issue of Consideration Shares for which listing will be sought, the Proposed Acquisition constitutes a share transaction under Chapter 14 of the Listing Rules. In addition, since the Proposed Acquisition involves the allotment and issue of Consideration Shares to the Vendor, a connected person of the Company and the Purchaser under the Listing Rules, the Proposed Acquisition constitutes a non-exempt connected transaction which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have been appointed by the Board to consider the terms of the Acquisition Agreement and to advise the Independent Shareholders as to whether, in our opinion, its terms are fair and reasonable so far as the Independent Shareholders are concerned. Donvex Capital has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders issued by Donvex Capital, which contains its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition Agreement (the text of the letter of advice is set out on pages 24 to 42 of this circular). Having considered the advice of Donvex Capital, we are of the view that the terms and conditions of the Acquisition Agreement were negotiated on an arm's length basis, on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Our view related to fairness and reasonableness is necessarily based on information, facts and circumstances currently prevailing.

We also consider that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Company's entering into the Acquisition Agreement.

Yours faithfully,
For and on behalf of the Independent Board Committee
Blue Sky Power Holdings Limited
Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-Wing
Independent non-executive Directors

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Donvex Capital Limited
富域資本有限公司

Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

26 August 2015

The Independent Board Committee and the Independent Shareholders of Blue Sky Power Holdings Limited

Dear Sirs,

SHARE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SMART RAINBOW INVESTMENTS LIMITED AND THE ISSUE OF THE CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Acquisition, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 26 August 2015 to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used herein have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 16 July 2015, the Company, the Purchaser (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$100,000,000, which shall be fully settled by the allotment and issue of 256,410,256 Consideration Shares at the Issue Price.

Mr. Cheng Ming Kit, an executive Director and a substantial shareholder of the Company, holds 100% equity interest in the Vendor. As such, the Vendor is an associate of Mr. Cheng Ming Kit and a connected person of the Company and the Purchaser under the Listing Rules. Accordingly, the Proposed Acquisition constitutes a connected transaction of the Company and the Purchaser under the Listing Rules.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are less than 5% and the Consideration includes the allotment and issue of Consideration Shares for which listing will be sought, the Proposed Acquisition constitutes (i) a share transaction under Chapter 14 of the Listing Rules; and (ii) a connected transaction subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Cheng Ming Kit and his associates in aggregate hold 645,169,000 Shares, representing 12.38% interest in the issued share capital of the Company, and he and his associates will abstain from voting in respect of the resolution(s) approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue of the Consideration Shares) at the SGM.

The Independent Board Committee, comprising Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing, all being the independent non-executive Directors, has been established to advise the Independent Shareholders on (i) whether the Proposed Acquisition is in the ordinary and usual course of business of the Company; (ii) whether the terms of the Proposed Acquisition are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Proposed Acquisition is in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant ordinary resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue of the Consideration Shares) at the SGM. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

We, Donvex Capital Limited, are independent from and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and are accordingly qualified to give an independent advice in respect of the Proposed Acquisition contemplated under the Acquisition Agreement.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the SGM.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group nor have we carried out any in-depth research on the Group or the Vendor and its associates. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments, including any material change in market and economic conditions, may affect or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions in respect of the Proposed Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Proposed Acquisition

Information on the Group

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.

Set out below is a summary of the audited consolidated financial information of the Group for each of the two years ended 31 December 2013 and 2014 as extracted from the annual report of the Company for the financial year ended 31 December 2014 (the "**Annual Report**").

Operating results	**For the year ended 31 December**	
	2014	**2013**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Revenue		
Sales and distribution of natural gas and other related products	57,130	—
Sales of book and specialised products	143,300	154,475
	200,430	154,475
Cost of sales	(175,661)	(134,989)
Gross profit	24,769	19,486
Loss before tax	(70,480)	(60,489)
Loss for the year attributable to owners of the Company	(70,763)	(58,569)

Financial positions	**As at 31 December**	
	2014	**2013**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Cash and bank balances	18,613	30,346
Total assets	1,238,010	241,711
Total liabilities	(317,654)	(47,807)
Net assets	920,356	193,904

As shown in the table above, the revenue of the Group increased by 29.7% from approximately HK$154.5 million for the year ended 31 December 2013 to approximately HK$200.4 million for the year ended 31 December 2014. It was mainly because the Group diversified its revenue source by expanding its business to sales and distribution of natural gas industry and recorded revenue of approximately HK$57.1 million from this new business segment for the year ended 31 December 2014, offset by the decrease in revenue of the printing business by approximately HK$11.2 million due to the persistent uncertainty over the global economy which affected the sales.

Loss attributable to owners of the Company for the year amounted to approximately HK$70.8 million for the year ended 31 December 2014, representing an increase of 20.8% over last year, it was mainly due to the increase in administrative expenses related to the new natural gas segment. As advised by the management of the Company, the Group was newly entered into the natural gas business and the majority of the natural gas projects are consolidated into the Group only during the fourth quarter of 2014 and the first quarter of 2015, thus revenue and profits from such business were not fully reflected on the operating results for the year of 2014. Following the full year effects and breakthrough of the development stages of the existing natural gas projects, we concur with the Directors' view that the Group is expected to achieve a significant growth in its natural gas business in the coming years.

According to the Annual Report, the Group has benefited from the development of natural gas business in the PRC. In particular, the Group derives its revenue from operations of compressed natural gas ("**CNG**") or liquefied natural gas ("**LNG**") refuelling stations for vehicles, construction of natural gas connection pipelines and supply of piped gas in the PRC.

As at 31 December 2014, the Group's cash and bank balances amounted to approximately HK$18.6 million (2013: approximately HK$30.3 million), representing a decrease of 38.6% as compared to that as at 31 December 2013. As at 31 December 2014, the Group's total assets increased to approximately HK$1,238.0 million (2013: approximately HK$241.7 million), such increase was mainly due to the addition in goodwill, intangible assets and property, plant and equipment related to the acquisition of natural gas projects. The Group had total borrowings (total liabilities excluding deferred tax liabilities and trade and other payables) of approximately HK$127.0 million as at 31 December 2014 (2013: approximately HK$23.6 million).

Information on the Target

The Target was incorporated in the BVI with limited liability on 16 March 2015. The issued share capital of the Target as at the date of the Acquisition Agreement was US$1.00. The Target is principally engaged in the investment of LNG receiving terminal and LNG trading business.

Investment of LNG receiving terminal

Upon the completion of the Reorganisation, the major asset of the Target Group would be the 10% equity interest in Shennan Energy, which currently owns and operates a LNG receiving terminal in Haikou (the "**Haikou LNG Terminal**") in Hainan Province, the PRC.

As advised by the management of the Company, Shennan Energy invested approximately RMB700 million in constructing the Haikou LNG Terminal. The Haikou LNG Terminal is located at the Macun Harbour in the Hainan Chengmai Old Town Development Area which covers an area of 430 acres. The Haikou

LNG Terminal is equipped with two LNG storage tanks with a total storage capacity of 40,000 cubic meters and a dock which can occupy LNG vessels with storage tank capacity of up to 40,000 cubic meters. The Haikou LNG Terminal is expandable by the construction of two more LNG storage tanks with a total storage capacity of 160,000 cubic meters. The Haikou LNG Terminal has commenced its trial operation since late 2014. Since then, a total of 5 lots of LNG imports have docked at the Haikou LNG Terminal.

As stated in the Board Letter, the unaudited net assets of the Target amounted to HK$8.00 as at 30 June 2015, which was mainly attributable to the total assets of approximately HK$56.25 million representing the deposits and prepayments incurred by the Target (through Tian Li Xing Energy) to Shennan Energy 10% Shareholder for the acquisition of 10% equity interest in Shennan Energy and will be accounted as available-for-sale investment in the financial statements of the Target and the Company upon the completion of Reorganisation and the Completion, respectively, and the total liabilities of HK$56.25 million representing the amount payable owing by the Target to the Vendor. The aforesaid amount payable will be assigned to the Purchaser upon Completion. Therefore, the adjusted net asset value ("**Adjusted NAV**") of the Target that the Purchaser is acquiring amounted to HK$56.25 million (after adjusting the amount payable to be assigned to the Purchaser upon Completion).

To the best knowledge of the Directors, the audited net asset value of Shennan Energy as at 31 December 2014 amounted to RMB47,635,000, which included the Shennan Petroleum Technology Shareholder's Loan of RMB477,500,000. As advised by the Vendor, it is expected that the Shennan Petroleum Technology Shareholder's Loan will be fully capitalised by Shennan Petroleum Technology in view of the potential business expansion in the near future. Accordingly, the adjusted net asset value of Shennan Energy will amount to RMB525,135,000 after such capitalisation.

As further noted from the Board Letter regarding the capitalisation of Shennan Petroleum Technology Shareholder's Loan, it shall be taken place after the completion of the Reorganisation as well as the Completion at the discretion of the new shareholders of Shennan Energy upon Completion (i.e. Shennan Petroleum Technology and Tian Li Xing Energy) in the form of either (i) the capital reserve accounts and/or (ii) the share capital of Shennan Energy. In the event the Shennan Petroleum Technology Shareholder's Loan is capitalised to the capital reserve accounts of Shennan Energy, the Company (through the Target Group) will maintain its 10% interest in Shennan Energy. In the event the Shennan Petroleum Technology Shareholder's Loan is capitalised to the share capital of Shennan Energy, the Company's interest in Shennan Energy will be diluted, and in order to maintain its 10% interest in Shennan Energy, the Company (through the Target Group) will contribute approximately RMB53,056,000 (equivalent to approximately HK$64,271,000 at the exchange rate of RMB0.8255: HK$1 as at the Latest Practicable Date) to the share capital of Shennan Energy, estimated based on the assumption that the full amount of the

Shennan Petroleum Technology Shareholder's Loan will be capitalised. In the event the Company decides to contribute to the share capital of Shennan Energy after Completion, the Company will, if necessary, comply with the relevant Listing Rules.

The Consideration has taken into account the adjusted net asset value of Shennan Energy after the capitalisation of the Shennan Petroleum Technology Shareholder's Loan as the Directors believe that the Shennan Petroleum Technology Shareholder's Loan will be capitalised after considering the following factors:

(i) according to the audited report of Shennan Energy for the year ended 31 December 2014, the total assets of Shennan Energy as at 31 December 2014 amounted to RMB729.2 million while its net asset value as at 31 December 2014 amounted to RMB47,635,000 only. It is likely that the Shennan Petroleum Technology Shareholder's Loan will be capitalised to support the business development of Shennan Energy;

(ii) in the process of conducting due diligence process for the Proposed Acquisition, the Company had discussed with the representatives of Shennan Petroleum Technology and Shennan Energy about the likelihood of capitalising the Shennan Petroleum Technology Shareholder's Loan and understood they had the intention to do so; and

(iii) after Completion, the Company (through the Target Group) will hold 10% equity interest in Shennan Energy and will be able to take part in the discussion and has certain discretion in deciding the capitalisation of the Shennan Petroleum Technology Shareholder's Loan. It is likely that the Company will support the capitalisation of the Shennan Petroleum Technology Shareholder's Loan as the Directors believe that it is in the interest of Shennan Energy to do so to further develop its business, the successful development of which will be beneficial to the Company as well.

Having considered the capitalisation of Shennan Petroleum Technology Shareholder's Loan will (i) reflect Shennan Petroleum Technology's confidence on the long term business development of Shennan Energy; (ii) alleviate the repayment pressure on Shennan Energy without cash outlay; and (iii) lower the gearing ratio of Shennan Energy thereby strengthening the financial position of Shennan Energy, we consider that the Directors' view on the aforesaid capitalisation is justifiable.

In the event the Shennan Petroleum Technology Shareholder's Loan is capitalised to the share capital of Shennan Energy, the Company will contribute about RMB53,056,000 (which is equivalent to approximately HK$64,271,000) so to maintain its indirect 10% equity interest after the Completion. Concerning the possible dilution effect on the shareholding of Shennan Energy, we have further

assessed the fairness and reasonableness of the Consideration together with the potential capital contribution by the Company after the Completion, for details please refer to the section headed "Basis of the Consideration" below.

Further to the Shennan Petroleum Technology Shareholder's Loan, we are given to understand that the said loan has been fully utilised by the Shennan Energy for its construction of Haikou LNG Terminal. In the event that the Shennan Petroleum Technology Shareholder's Loan is not capitalised, the Company will be able to maintain its indirect 10% equity interest in Shennan Energy without making any fund contribution which is considered favourable to the Group.

LNG trading business

As at the Latest Practicable Date, the Target has commenced the LNG trading business in the PRC by making use of the following resources: (i) the investment in Shennan Energy which owns and operates the Haikou LNG Terminal; (ii) the building up of strategic cooperation with Shennan Energy to secure the LNG storage capacity required for LNG trading in Haikou LNG Terminal; and (iii) business relationship with certain overseas LNG sources for the procurement of LNG. Please refer to the section headed "Reasons for and benefits of the Proposed Acquisition" for more details.

In light of the Group has designated natural gas business as its priority for future business development as discussed in the above paragraph headed "Information on the Group" and the principal business of the Target, we consider that the entering into the Proposed Acquisition is in the ordinary and usual course of business of the Company, which is in line with the development plan of the Group by further investing in the natural gas industry in the PRC.

Reasons for and benefits of the Proposed Acquisition

Starting from the year of 2014, the Group focuses on the downstream natural gas distribution business and has been actively exploring investment opportunities in natural gas projects so to strengthen its market position in the PRC. According to the Annual Report, the Group has successfully marked its footprints for natural gas business in 7 provinces in the PRC through acquisitions, including the Hainan project acquired in January 2015 which currently owns 17 natural gas refuelling stations for vehicles in Hainan province. In light of the above, we concur with the Directors' view that such Proposed Acquisition can further strengthen the Group's natural gas distribution business by expanding into the LNG trading business which is in line with the long term development of natural gas business of the Group.

As advised by the management of the Company, other than the shareholding of 10% equity interest in Shennan Energy, the Target has entered into a strategic framework agreement in June 2015 with Shennan Energy in respect of the business cooperation regarding the import of overseas LNG and trading of LNG in the

PRC. According to the strategic framework agreement, Shennan Energy will be responsible for providing storage capacity to the Target for the procured LNG at the Haikou LNG Terminal. We understood that storage capacity of LNG receiving terminal is indispensable for conducting LNG trading business. Being the 10%-shareholder as well as the strategic partner of Shennan Energy, the Proposed Acquisition can enable the Group not only to secure the storage capacity of Haikou LNG Terminal but also to procure overseas LNG sources with competitive pricing.

Further to our discussion with the management of the Company, we noted that the Target has established business connection with certain overseas gas sources, including the gas field owners and/or trading companies in Singapore, Russia, Indonesia, the Middle East, etc. In view of the connection with overseas LNG sources possessed by the Target, the Target can facilitate the Group to conduct LNG trading business by providing readily available upstream overseas gas sources and complement with the Group's existing natural gas business which is downstream focused. In addition, the Proposed Acquisition can enable the Group to import low-cost LNG as a gas source and supply to the Group's own refuelling stations, so to provide stable sources of gas supply to its ultimate retail customers and to enhance the profit margin of the Group.

As advised by the management of the Company, the operation of LNG refuelling stations is expected to have significant market growth potential as a result of the promotion of switching from diesel-fuelled vehicles to LNG-fuelled vehicles. Upon our research on the natural gas industry in the PRC, we noted that the government of the PRC has promulgated the "Twelfth Five-Year Plan for Development of Energy Conservation and Environmental Protection Industry", which encourages emission reduction and promotes utilisation of new energy. Further, the Ministry of Industry and Information Technology of the PRC has issued a notice (No. 27 of 2014) on the abolishment of diesel vehicles with stage-III emission standards by the year-end 2014. As such, starting from 1 January 2015, no diesel vehicles with stage-III emission standards will be allotted for sale in the PRC, the demand of LNG-driven vehicles is therefore expected to be significantly increased. In view of the favourable governmental policies and positive outlook of the natural gas industry in the PRC, we concur with the Directors' view that the Group will be beneficial to the development of natural gas business, and the entering into of the Acquisition Agreement is in the interests of the Company and its Shareholders as a whole.

2. Principal terms of the Acquisition Agreement

Consideration

Pursuant to the Acquisition Agreement, the Consideration payable by the Purchaser for the purchase of the Sale Share from the Vendor shall be HK$100,000,000. The Consideration shall be satisfied fully by the allotment and issue of Consideration Shares at the Issue Price.

As at the Latest Practicable Date, the Company has 5,209,312,745 Shares in issue. Assuming that there is no change in the issued share capital of the Company other than the issue of Consideration Shares since the Latest Practicable Date, the Consideration Shares (namely, 256,410,256 new Shares) represent (i) approximately 4.92% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 4.69% 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.

Basis of the Consideration

As stated in the Board Letter, the Consideration was determined based on arm's length negotiations between the Purchaser and the Vendor having regard to (i) the financial position of the Target Group with an adjusted net asset value of HK$56.25 million, based on its financial position as at 30 June 2015 and after adjusting the Debt owed by the Target to the Vendor which will be assigned by the Vendor to the Purchaser upon Completion, representing the investment cost in Shennan Energy by the Target (whose 10% equity interest would be held by the Target before Completion); (ii) the prospects and potential of the business of the Target Group; and (iii) the prime opportunities to enhance the Group to tap into the business of LNG trading in the PRC in view of the Haikou LNG Terminal currently owned by Shennan Energy.

We noted from the Board Letter that the major asset of the Target would be the 10% equity interest in Shennan Energy upon the completion of Reorganisation. Due to the fact that an investment cost of HK$56.25 million was incurred by the Vendor to the Target, which is the consideration to be settled by Tian Li Xing Energy for the acquisition of 10% equity interest in Shennan Energy upon the completion of Reorganisation, we therefore consider that it is fair and reasonable to use the Adjusted NAV of the Target as a comparison factor to Consideration instead of using the net asset value of the Target.

The Consideration of HK$100,000,000 represented a price-to-book ratio of 1.78 times to the Adjusted NAV of the Target of HK$56,250,000 as at 30 June 2015. We consider that it is reasonable to price the Consideration with a premium over the Adjusted NAV (mainly represented the 10% investment in Shennan Energy) of the Target due to the following:

(i) In addition to the investment in LNG receiving terminal business by way of investment in Shennan Energy, the Target being the 10%-shareholder of Shennan Energy can facilitate the Group in conducting business of LNG trading in the PRC;

(ii) The Target possesses the important strategic cooperation with Shennan Energy in securing the storage capacity at Haikou LNG Terminal and business relationship with certain overseas gas sources in terms of LNG procurement, both of which are essential for conducting LNG trading business in the PRC; and

(iii) There will be a potential synergy effect to the Company after acquiring the Target, as the Target can enable the Group to import low-cost LNG as a gas source and supply to the Group's own refuelling stations, so to provide stable sources of gas supply to its ultimate retail customers and to enhance the profit margin of the Group.

Analysis of comparable companies

In order to assess the fairness and reasonableness of the Consideration, we have considered price-to-book ratio (the "**P/B Ratio**") analysis and price-to-earnings analysis which are both commonly used to assess the financial valuation of a company principally engaged in similar business. However, given that (i) the Target will be consolidated into the Group after the Completion and its 10% equity interest in Shennan Energy upon completion of the Reorganisation will be accounted for as available-for-sale investment in the Group's financial statements; (ii) the Group will not consolidate the profits of Shennan Energy under the relevant accounting standards as it is only an available-for-sale investment of the Group; and (iii) the Target had no revenue nor profit for the period ended 30 June 2015 with reference to the financial information of the Target as stated in the Board Letter, we consider the price-to-earnings ratio analysis is not meaningful.

Accordingly, we have, to the best of our endeavours, identified an exhaustive list of 8 comparable companies of the Group (the "**Comparable Companies**") that (i) are currently listed on the Stock Exchange; (ii) are engaged in natural gas business in the PRC; and (iii) have market capitalisation of not less than HK$2 billion as at the Last Trading Day, which we consider similar size of company to the Group like the Comparable Companies can reflect the general performance and value of the Group. Regarding the principal business of the Target, we are advised by the Company that, the Target was engaged in the LNG trading business in the PRC which involves the operation of procurement of natural gas from overseas gas sources as well as logistics of natural gas transportation and sales of natural gas in the PRC, which is considered to be one of the major revenue stream in natural gas industry. Based on the aforesaid criteria, we have selected the company principally engaged in the similar business in the same geographical area as that of the Target, which in our view, although the business model of the Comparable Companies may not be identical to that of the Target, our selection of Comparable Companies could reflect how the market value of company taking part in the natural gas industry, and the principal business of the Target and Comparable Companies are all within the natural gas business sector in the PRC, thus we consider the Comparable Companies are fair and representative samples in our P/B Ratio analysis.

Moreover, we noted from the Annual Report that as at 31 December 2014, there was over 90% of the net asset value of the Group relating to the natural gas business sector, we therefore also compare the P/B Ratio of the Company with that of the Comparable Companies and the Target for assessing the fairness of the Consideration. Details of our analysis are set out in the following table:

Comparable Companies	**Stock code**	**Principal business**	**Principal market location**	**Market capitalisation** *(Note 1)* *(approx. HK$ million)*	**P/B Ratio** *(Note 2)* *(times)*
China Gas Holdings Limited	384	Sales of piped gas; gas connection; sales of LPG; sales of coke and gas appliances	PRC	63,823.46	3.47
China Oil and Gas Group Limited	603	Sales and distribution of natural gas and other related products; gas pipeline construction and connection; exploitation and production of crude oil and natural gas	PRC	3,728.44	1.04
Towngas China Company Limited	1083	Sales and distribution of piped gas and related products; gas connection	PRC	17,984.01	1.36
China Resources Gas Group Limited	1193	Sale and distribution of gas fuel and related products; gas connection	PRC	48,928.28	3.05
Suchuang Gas Corporation Limited	1430	Sale of natural gas; construction and connection of gas pipelines	PRC	2,230.84	3.84
China Tian Lun Gas Holdings Limited	1600	Transportation and sales of gas; gas pipeline connections	PRC	7,370.19	5.10
ENN Energy Holdings Limited	2688	Sales of piped gas; vehicle gas refueling stations; wholesale of gas	PRC	49,983,19	3.28
Zhongyu Gas Holdings Limited	3633	Sales of piped gas; connection revenue from gas pipeline construction; operation of CNG/LNG vehicle filling stations	PRC	5,176.27	2.60
			Maximum	63,823.46	5.10
			Minimum	2,230.84	1.04
			Average	21,320.21	2.97
The Company	6828	Sales of natural gas and other related products; sales of book and specialised products	PRC	2,030.27	2.39
The Consideration					1.78 *(Note 3)*

Source: website of the Stock Exchange and the latest published annual report of the respective companies

Notes:

1. Market capitalisation of the Comparable Companies and the Company are based on the closing share prices as at the Last Trading Day extracted from the website of the Stock Exchange.

2. P/B Ratios of the Comparable Companies and the Company and calculated by dividing the market capitalisation as at the Last Trading Day by equity attributable to the shareholders of the company for the most recent financial year, based on the exchange rate of RMB1 = HK$1.26.

3. The net asset value of the acquiring business is calculated as HK$56.25 million, based on the investment cost for the 10% equity interest in Shennan Energy as at 30 June 2015 (i.e. Adjusted NAV of the Target). The Consideration represents a P/B Ratio of approximately 1.78 times.

As shown in table above, the P/B Ratios of the Comparable Companies ranged from approximately 5.10 times to 1.04 times (the "**Comparable P/B Range**") with an average of 2.97 times. The P/B Ratio of the Company is 2.39 times and falls within the Comparable P/B Ratio Range and is lower than the average of the Comparable P/B Ratio Range.

The P/B Ratio of the Consideration of approximately 1.78 times falls within the Comparable P/B Ratio Range and is lower than the P/B Ratio of the Company. It implied that it is priced within an acceptable range of the market for both Comparable Companies in similar business and the Company in the open market.

Having taken into account the P/B Ratio of the Consideration falls within the Comparable P/B Range and is lower than the P/B Ratio of the Company, we consider that the Consideration is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We noted from the Board Letter that in case the Shennan Petroleum Technology Shareholder's Loan is capitalised to the share capital of Shennan Energy after the Completion, the Company will contribute about RMB53,056,000 (equivalent to approximately HK$64,271,000) in order to maintain its indirect 10% equity interest in Shennan Energy.

Despite the above potential capital contribution is an option but not a present obligation or commitment to the Company, we have taken into account the potential capital contribution for assessing the fairness and reasonableness of Consideration, by assuming the Company will contribute in proportion to the capitalisation of Shennan Petroleum Technology Shareholder's Loan so to maintain its shareholding in Shennan Energy, as our basis of valuation. Based on the above, the total sum of Consideration and the potential capital contribution to be made by the Company will be approximately HK$164.3 million, and the P/B Ratio of such would increase to approximately 2.92 times. Having considered the P/B Ratio falls within the Comparable P/B Ratio Range and is slightly lower than the average of the Comparable P/B Ratio Range, we are

therefore of the view that the Consideration together with the potential capital contribution for maintaining its 10% shareholdings in Shennan Energy is fair and reasonable so far as the Independent Shareholders are concerned.

Analysis of the Issue Price of the Consideration Shares

The Issue Price of HK$0.39 per Consideration Share represents:

(i) the closing price of HK$0.39 per Share as quoted on the Stock Exchange on the Last Trading Day;

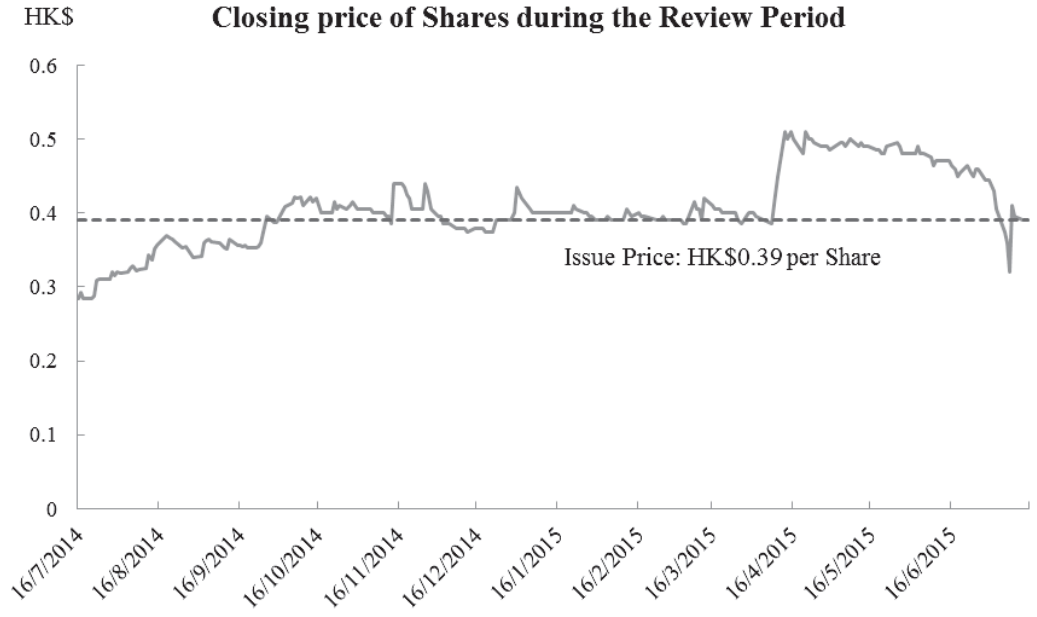
(ii) a discount of approximately 1.27% to the average closing prices of approximately HK$0.395 per Share as quoted on the Stock Exchange in the last five consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 0.78% over the average closing prices of approximately HK$0.387 per Share as quoted on the Stock Exchange in the last ten consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 7.14% to the closing price of HK$0.42 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a premium of approximately 120.34% over the unaudited net asset value of approximately HK$0.177 per Share as at 31 December 2014 (based on the audited consolidated net assets of the Group of approximately HK$920,356,000 as at 31 December 2014 as shown in the Annual Report and 5,209,312,745 Shares in issue as at the Latest Practicable Date).

As stated in the Board Letter, the Issue Price per Consideration Share was determined with reference to the prevailing market price of the Shares. In assessing the fairness and reasonableness of the Issue Price, we have reviewed the closing price level of the Shares traded on the Stock Exchange during the last twelve months preceding the date of the Acquisition Agreement, up to the Last Trading Day (the "**Review Period**"), which is an appropriate benchmark to reflect the recent market sentiment of the investment community. During the Review Period, the Company had completed share subdivision with each share subdivided into ten subdivided shares. The chart below illustrates the closing price level of Shares during the Review Period (adjustment to the Share price has been made taking into account of the share subdivision):



Source: website of the Stock Exchange

From the above chart, we note that the closing prices of the Shares have fluctuated during the Review Period and were ranged from the lowest of HK$0.284 per Share to the highest of HK$0.51 per Share. The daily average and median closing price per Share for the Review Period were approximately HK$0.405 and HK$0.40, respectively. The Issue Price represents a discount of approximately 3.70% and 2.50% to the daily average and median closing price per Share respectively for the Review Period.

Having taken into account (i) the Issue Price is within the range of the closing price of the Shares during the Review Period; and (ii) the Issue Price represents only a slight discount to the daily average and median closing price per Share during the Review Period, we consider that the Issue Price is at reasonable level based on the historical Share price movement.

In order to further assess the fairness and reasonableness of the Issue Price, we have reviewed acquisition transactions, including connected transactions, announced by companies listed on the Main Board of the Stock Exchange which involved the issuance of consideration shares (the "**Comparable Transactions**") during the period of three months immediately prior to the date of the Acquisition Agreement. We noted that the companies involved in the Comparable Transactions are not engaged in businesses similar to the principal business of the Company. However, the Comparable Transactions were transacted at the time close to the date of the Acquisition Agreement under similar market conditions and investment sentiments, we are therefore of the view that the Comparable Transactions, although not to be used in isolation in determining the fairness and reasonableness of the Issue Price, the Comparable Transactions can provide a general reference to the Independent Shareholders as they can reflect recent market trends of the terms involved in issuing shares as full or partial settlement of consideration for acquisitions.

Based on the above criteria, we have, to the best of our endeavours, identified 20 Comparable Transactions which are exhaustive and the vendor of which consist of connected person(s) and/or independent third parties, both of which we consider appropriate in our analysis since their respective issue price is determined after arm's length negotiation between the relevant parties. Details of our analysis are set out in the following table:

Date of announcement	Company	Stock code	Issue price *(HK$)*	Premium/(discount) of the issue price over/(to) the average closing price of Last trading day	Last 5 trading days	Last 10 trading days	Whether the vendor is connected person *(Y/N)*
21 April 2015	Yuan Heng Gas Holdings Limited	332	0.60	0.00%	(1.67%)	(6.10%)	Y
24 April 2015	PetroAsian Energy Holdings Limited	850	0.324	29.60%	25.58%	25.58%	N
26 April 2015	Guocang Group Limited	559	0.40	(10.11%)	(2.68%)	(0.87%)	N
27 April 2015	China Mining Resources Group Limited	340	0.10	(50.74%)	(50.25%)	(49.49%)	N
28 April 2015	Tongda Group Holdings Limited	698	1.288	(5.29%)	0.00%	1.42%	Y
4 May 2015	Merry Garden Holdings Limited	1237	0.75	1.35%	1.35%	1.35%	N
7 May 2015	Universe International Holdings Limited	1046	0.75	7.14%	(5.06%)	(3.72%)	N
11 May 2015	Mission Capital Holdings Limited	1141	0.25	(19.35%)	(18.30%)	(17.87%)	N
15 May 2015	Eternity Investment Limited	764	0.70	(4.11%)	(1.41%)	(1.41%)	N
15 May 2015	Sinoref Holdings Limited	1020	0.32	(31.91%)	(23.99%)	(27.19%)	N
20 May 2015	Shunfeng International Clean Energy Limited	1165	5.20	4.42%	2.56%	2.36%	Y
17 June 2015	LVGEM (China) Real Estate Investment Company Limited	95	2.06	(32.01%)	(26.90%)	(26.69%)	Y
17 June 2015	Huajun Holdings Limited	377	1.40	30.84%	47.68%	53.17%	N
25 June 2015	Fullshare Holdings Limited	607	1.35	(11.18%)	(0.44%)	(6.46%)	N
25 June 2015	Greater China Holdings Limited	431	3.80	(19.49%)	(19.49%)	(19.15%)	N
26 June 2015	CITIC Dameng Holdings Limited	1091	1.30	4.00%	(8.20%)	(10.10%)	N
30 June 2015	Synertone Communication Corporation	1613	0.50	3.10%	1.00%	(1.67%)	N
3 July 2015	Ground Properties Company Limited	989	0.85	(35.11%)	(15.51%)	(9.67%)	Y
6 July 2015	China Modern Dairy Holdings Ltd.	1117	4.00	55.04%	47.82%	44.88%	N
10 July 2015	Genvon Group Limited	2389	0.80	(2.44%)	14.29%	(6.65%)	N
				Maximum	55.04%	47.82%	53.17%
				Minimum	(50.74%)	(50.25%)	(49.49%)
				Average	(4.31%)	(1.68%)	(2.91%)
	The Company	6828	0.39	0.00%	(1.27%)	0.78%	Y

Source: website of the Stock Exchange

As shown in the table above, the issue prices of the Comparable Transactions ranged (i) from a discount of approximately 50.74% to a premium of approximately 55.04% to/over the closing price per share on the last trading day with an average discount of approximately 4.31%; (ii) from a discount of approximately 50.25% to a premium of approximately 47.82% to/over the closing price per share on the last five trading days with an average discount of approximately 1.68%; and (iii) from a discount of approximately 49.49% to a premium of approximately 53.17% to/over the closing price per share on the last ten trading days with an average discount of approximately 2.91%.

We also noted from the table above that the issue prices of the Comparable Transactions of which the vendor is a connected person are ranged (i) from a discount of approximately 35.11% to a premium of approximately 4.42% to/over the closing price per share on the last trading day with an average discount of approximately 13.60%; (ii) from a discount of approximately 26.90% to a premium of approximately 2.56% to/over the closing price per share on the last five trading days with an average discount of approximately 8.30%; and (iii) from a discount of approximately 26.69% to a premium of approximately 2.36% to/over the closing price per share on the last ten trading days with an average discount of approximately 7.74%.

We noted that the Issue Price represents the closing price per Share on the Last Trading Day, a discount of approximately 1.27% to the average closing price per Share for the last five consecutive trading days up to and including the Last Trading Day and a premium of approximately 0.78% over the average closing price per Share for the last ten consecutive trading days up to and including the Last Trading Day. The Issue Price falls within the range of the discount/premium of the issue prices of the Comparable Transactions for each of the last trading day, the last five trading days and the last ten trading days (jointly, the "**Comparison Days**"). Further, the Issue Price falls within the range of the discount/premium of the issue prices of the Comparable Transactions of which the vendor is a connected person for each of the Comparison Days.

In light of the Issue Price (i) falls within the discount/premium of the Comparable Transactions in the Comparable Days; (ii) falls within the range of the discount/premium of the issue prices of the Comparable Transactions of which the vendor is a connected person in the Comparison Days; and (iii) is priced at the discount/premium which is very close to the average of all the Comparison Days, we consider that the Issue Price is reasonable compared to those in the Comparable Transactions.

Having taken into account that (i) the future prospect of the Group's natural gas business in the PRC; (ii) the P/B Ratio of the Consideration indicates that the determination of Consideration is reasonable compared to the Comparable Companies in similar business with the Company in the open market; (iii) the Issue Price represents a substantial premium of approximately 120.34% over the net asset value per Share as mentioned in the paragraph headed "Analysis of the

Issue Price of the Consideration Shares" and is considered to be favourable to the Group in this respect; and (iv) the above results of comparisons of the Issue Price with historical price movement of the Shares and the Comparable Transactions, we consider that the Consideration is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Dilution effects on shareholding of the existing public Shareholders

Reference is made to the shareholding structure of the Company as set out in the section headed "Shareholding Structure of the Company" in the Board Letter. Upon the completion of the Proposed Acquisition, the shareholding of the existing public Shareholders will decrease from approximately 79.66% as at the Latest Practicable Date to approximately 75.91% as enlarged by the issue and allotment of the Consideration Shares. Despite the fact that the shareholding interest of the existing public Shareholders will be diluted, having considered (i) the fairness and reasonableness of the Issue Price in the section headed "Analysis of the Issue Price of the Consideration Shares" above; (ii) the issue of the Consideration Shares for settlement of the consideration would enable the Group to retain a higher level of cash resources for general working capital; (iii) other methods of financing the Proposed Acquisition such as external loan financing will incur finance cost, and will lower future profitability of the Group; (iv) the benefits of the Proposed Acquisition attributable to the Group as mentioned in the paragraph headed "Reasons for and benefits of the Proposed Acquisition" above; (v) the Consideration for the Proposed Acquisition represents a lower P/B Ratio than the average of the Comparable P/B Ratio Range; and (vi) the Consideration represents a lower P/B Ratio than that of the Company, we consider that the dilution effects on the shareholding of the existing public Shareholders upon the completion of the Proposed Acquisition is acceptable.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Proposed Acquisition are fair and reasonable, we are of the opinion that the Acquisition Agreement were negotiated on an arm's length basis, on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Acquisition Agreement and transactions contemplated thereunder (including the grant of the Specific Mandates for the issue of the Consideration Shares).

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

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. DIRECTORS' 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 Directors	Nature of Interest	Number of shares	Approximate percentage of shareholding at the Latest Practicable Date
Mr. Cheng Ming Kit	Beneficial owner	245,405,000	4.71%
	Interest of controlled corporation *(note 1)*	399,764,000	7.67%
Mr. Sze Chun Lee	Beneficial owner	1,800,000	0.04%
	Interest of controlled corporation *(note 2)*	196,488,480	3.77%
Mr. Kwok Shek San	Beneficial owner *(note 3)*	7,296,000	0.14%
Ms. Chung Oi Ling, Stella	Interest of controlled corporation *(note 4)*	206,340,000	3.96%
Mr. Hu Xiaoming	Beneficial owner *(note 5)*	2,640,000	0.05%

Notes:

(1) Mr. Cheng Ming Kit holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 399,764,000 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit personally holds 245,405,000 Shares.

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

(3) Mr. Kwok Shek San personally holds 7,296,000 Shares.

(4) 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.

(5) Mr. Hu Xiaoming personally holds 2,640,000 Shares.

(ii) Directors' interests and short positions in Shares, underlying Shares and debentures of any associated corporation

Name of Directors	Nature of Interest	Number of Shares at the Latest Practicable Date	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 chief executive of the Company and their associates had any personal, family, corporate or other interests had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

(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 i)*	Beneficial owner	276,789,000	5.31%
	Interest of controlled corporation	125,000,000	2.45%
Quantum China Asset Management Limited	Investment Manager	462,376,000	8.88%
Templeton Asset Management Ltd. *(note ii)*	Investment Manager	290,000,000	5.57%
Templeton Strategic Emerging Markets Fund IV, LDC *(note ii)*	Beneficial owner	290,000,000	5.57%

Notes:

(i) Mr. Lee Tsz Hang holds 100% interest in Win Ways Investment Limited and is deemed to be interested in 125,000,000 Shares held by Win Ways Investment Limited. Mr. Lee Tsz Hang personally holds 276,789,000 Shares.

(ii) 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. Under the terms of the Convertible Bond Subscription Agreement, the Company granted a subscription option (the "Subscription Option") to the Subscriber to subscribe in cash for additional convertible bond at the issue price of up to HK$116,000,000, which is the price equivalent to 100% of the principal amount of such additional convertible bond. The Subscription Option is exercisable by the Subscriber or a special purpose vehicle of the Subscriber (the "Subscriber's SPV"). The conversion price of such additional convertible bond shall be the same as the conversion price under the Convertible Bond Subscription Agreement. On the assumption that the Subscription Option is exercised by the Subscriber or the Subscriber's SPV in full, based on the same initial conversion price of HK$0.40 and on full conversion of such additional convertible bond, a maximum of 290,000,000 additional Shares, representing approximately 5.57% of the shareholding of the Company as at the Latest Practicable Date, would be allotted and issued to the Subscriber or the Subscriber's SPV by the Company.

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.

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no Director was a director or employee of a company which has interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions to Division 2 and 3 of Part XV of the SFO.

3. 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.

4. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, Donvex Capital had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, Donvex Capital did not have 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, Donvex Capital did not have 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.

5. INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, save for the Proposed Acquisition, 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 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 Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had an interest in any business that competes or is likely to compete with the business of the Group.

7. 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.

8. 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 Acquisition Agreement;

(ii) the letter of advice from Donvex Capital, the text of which is set out on pages 24 to 42 of this circular; and

(iii) the consent letter from Donvex Capital.

9. GENERAL

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.

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 the a special general meeting of Blue Sky Power Holdings Limited (the "**Company**") will be held at Level 9, Central Building, 1–3 Pedder Street, Central, Hong Kong on Monday, 14 September 2015 at 11:00 a.m. (the "**SGM**") for the purpose of considering and, if thought fit, passing with or without modifications the following 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 16 July 2015 (the "**Acquisition Agreement**") entered into among the Company, Goldlink Capital Limited and Grand Powerful Group Limited in relation to the acquisition of the entire issued share capital of Smart Rainbow Investments Limited, a copy of which has been tabled at the meeting and marked "**X**" for the purpose of identification, and transactions contemplated thereunder be and hereby approved, confirmed and ratified;

2. the allotment and issue of 256,410,256 Consideration Shares (as defined in the circular dated 26 August 2015 despatched to the shareholders of the Company, a copy of which has been produced to the SGM and marked "**A**") in favour of Grand Powerful Group Limited or its nominee(s) on the terms pursuant to the Acquisition Agreement, be and are hereby approved;

3. 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 delivery of all agreements, documents and instruments) as he in his sole and absolute discretion deem necessary, desirable or expedient to the allotment and issue of the Consideration Shares; and

4. any executive Director of the Company be and is hereby authorised to deal with 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, 26 August 2015

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 bye-laws 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 130A of the Singapore Companies Act) 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.