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

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)

(Singapore Stock Code: UQ7)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

This announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

As at the date of this announcement, Haikou Xinyuan is indirectly owned as to 48% equity interest by the Company. On 18 July 2016, the Company is able to impose its controlling power over Haikou Xinyuan on the relevant major business and financial activities by way of securing the majority of the board seats of Haikou Xinyuan, and Haikou Xinyuan will be accounted for as a non-wholly owned subsidiary of the Company in accordance with the prevailing accounting standards under the IFRS and its operating results will be consolidated into the financial statements of the Company.

Shennan Petroleum Technology will become a connected person of the Company at the subsidiary level by reason of Shennan Petroleum Technology being a substantial shareholder of Haikou Xinyuan holding 20% equity interest in Haikou Xinyuan as at the date of this announcement.

Shennan Energy was held as to 90% by Shennan Petroleum Technology. Panjing Dingsheng, is a fellow subsidiary of the CNPC, the ultimate holding company of Shennan Petroleum Technology. Pursuant to Rule 14A.13(1) of the Listing Rules, both Shennan Energy and Panjing Dingsheng are the associates of Shennan Petroleum Technology, which in turn each of them is also a connected person of the Company at the subsidiary level.

As such, certain existing agreements entered into between certain subsidiaries of the Group and the Shennan Petroleum Technology and its associates in connection with supply of natural gas to the Group in the PRC and the transactions contemplated thereunder will become continuing connected transactions for the Company under the Listing Rules. Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding such continuing connected transactions. As the Board has approved the continuing connected transactions of the Company and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the continuing connected transactions are exempted from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules. The Company will comply in full with all applicable reporting and disclosure under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements.

This announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

As at the date of this announcement, Haikou Xinyuan is indirectly owned as to 48% by the Company. On 18 July 2016, the Company is able to impose its controlling power over Haikou Xinyuan on the relevant major business and financial activities by way of securing the majority of the board seats of Haikou Xinyuan, and Haikou Xinyuan will be accounted for as a subsidiary of the Company in accordance with the prevailing accounting standards under the IFRS and its operating results will be consolidated into the financial statements of the Company.

Shennan Petroleum Technology will become a connected person of the Company at the subsidiary level by reason of Shennan Petroleum Technology being a substantial shareholder of Haikou Xinyuan holding 20% equity interest in Haikou Xinyuan as at the date of this announcement.

Shennan Energy was held as to 90% by Shennan Petroleum Technology. Panjing Dingsheng is a fellow subsidiary of the CNPC, the ultimate holding company of Shennan Petroleum Technology. Pursuant to Rule 14A.13(1) of the Listing Rules, both Shennan Energy and Panjing Dingsheng are the associates of Shennan Petroleum Technology, which in turn each of them is also a connected person of the Company at the subsidiary level.

As such, certain existing agreements entered into between certain subsidiaries of the Group and the Shennan Petroleum Technology and its associates in connection with supply of natural gas to the Group's gas stations in the PRC and the transactions contemplated thereunder will become continuing connected transactions for the Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS BETWEEN SHENNAN PETROLEUM TECHNOLOGY GROUP AND THE GROUP

Before Shennan Petroleum Technology becomes a connected person of the Company, the Group had entered into various agreements with Shennan Petroleum Technology or its associates in relation to the supply of natural gas to the Group in the PRC. Details of the agreements are summarized as follows:

Natural gas supply agreement A

Parties:	Haikou Xinyuan, as the purchaser Shennan Petroleum Technology, as the supplier
Date:	1 November 2015
Terms:	2 November 2015 to 1 November 2016
Subject Matter:	Provision of CNG by Shennan Petroleum Technology to Haikou Xinyuan in Hainan Province
Basis of Pricing:	The consideration is calculated on the basis of the market price of similar products which is determined after arms' length negotiation between the parties

Natural gas supply agreement B

Parties:	Haikou Xinyuan Xinhe, as the purchaser Shennan Energy, as the supplier
Date:	13 January 2016
Terms:	13 January 2016 to 31 December 2016
Subject Matter:	Provision of LNG by Shennan Energy to Haikou Xinyuan Xinhe in Hainan Province
Basis of Pricing:	Price of natural gas at the local storage tanks owned by Shennan Energy and is subject to revision in accordance with prevailing market prices

Natural gas supply agreement C

Parties:	Benxi Liaoyou Xinshidai, as the purchaser Panjin Dingsheng, as the supplier
Date:	1 June 2016
Terms:	6 June 2016 to 5 June 2017
Subject Matter:	Provision of natural gas by Panjin Dingsheng to Benxi Liaoyou Xinshidai
Basis of Pricing:	The consideration is determined after arm's length negotiation between the parties and is subject to revision in accordance with prevailing market prices

The Directors (including the independent non-executive Directors) are of the view that the agreements disclosed above were entered into in the ordinary course of the Group's business, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ANNUAL CAP

The proposed aggregate annual cap in respect of the agreements disclosed above for the financial year ending 31 December 2016 is set out as follows:

For the year ending 31 December	**2016**
	RMB
Annual Cap	65,000,000

The proposed annual cap was determined based on (i) the historical amount of the relevant purchase made by Haikou Xinyuan, Haikou Xinyuan Xinhe and Benxi Liaoyou Xinshidai for the year ended 31 December 2015; (ii) an estimated usage of natural gas for the year ending 31 December 2016; and (iii) the existing market price of natural gas in the PRC.

Should the actual annual purchase amount exceed the above proposed annual cap, the Company will revise the annual cap in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The aforementioned continuing connected transactions between the Group and Shennan Petroleum Technology or its associate were entered into in the ordinary and usual course of business of the Group.

Shennan Petroleum Technology, Shennan Energy and Panjing Dingsheng are subsidiaries of CNPC, China's largest oil and gas producer and supplier. Shennan Petroleum Technology owned and operated the only CNG principal station in Haikou, while Shennan Energy owned and operated a LNG receiving terminal in Haikou. Panjing Dingsheng together with its shareholder have direct gas source from the local gas fields. Therefore, Shennan Petroleum Technology, Shennan Energy and Panjing Dingsheng can provide the Group with a stable and available gas source of CNG, LNG and natural gas respectively at reasonable market pricing to the Group.

The Directors (including independent non-executive Directors) are of the view that the transactions contemplated under the aforesaid agreements are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL INFORMATION

The Company

The principal business of the Company include sales and distribution of natural gas and other related products.

Benxi Liaoyou Xinshidai

Benxi Liaoyou Xinshidai is principally engaged in sales and distribution of natural gas and other related products.

CNPC

CNPC is China's largest oil and gas producer and supplier, as well as one of the world's major oilfield service providers and a contractor in engineering construction.

Haikou Xinyuan

Haikou Xinyuan is principally engaged in the construction and operation of natural gas refuelling stations for vehicles.

Haikou Xinyuan Xinhe

Haikou Xinyuan Xinhe is principally engaged in the construction and operation of natural gas refuelling stations for vehicles.

Panjing Dingsheng

Panjing Dingsheng is principally engaged in the supply of LNG.

Shennan Energy

Shennan Energy is principally engaged in the supply of LNG as well as operation of LNG receiving terminal in the PRC.

Shennan Petroleum Technology

Shennan Petroleum Technology is principally engaged in the exploration, production and sale of natural gas.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding such continuing connected transactions. As the Board has approved the continuing connected transactions of the Company and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the continuing connected transactions are exempted from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules. The Company will comply in full with all applicable reporting and disclosure under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements as disclosed above.

DEFINITIONS

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

"Benxi Liaoyou Xinshidai"	本溪遼油新時代燃氣有限公司 (Benxi Liaoyou Xinshidai Ranqi Company Limited*), a company established in the PRC with limited liability, is a non-wholly owned subsidiary of the Company
"Board"	the board of Directors
"Company"	Blue Sky Power Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6828) and secondary listed on the Singapore Exchange Securities Trading Limited (Stock Code: UQ7)
"connected person"	has the same meaning as ascribed to it under the Listing Rules
"CNG"	compressed natural gas

"CNPC"	中國石油天然氣集團公司(China National Petroleum Corporation), China's largest oil and gas producer and supplier, as well as one of the world's major oilfield service providers and a contractor in engineering construction, is the holding company of Kunlun Energy Company Limited (Stock code: 00135) and Shennan Petroleum Technology.
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Haikou Xinyuan"	海口鑫元天然氣技術股份有限公司 (Haikou Xinyuan Natural Gas Technology Co., Ltd.*), a company established in the PRC with limited liability
"Haikou Xinyuan Xinhe"	海口鑫元信和天然氣加氣站有限公司 (Haikou Xinyuan Xinhe Natural Gas Station Co., Ltd.*), a company established in the PRC with limited liability, is a non-wholly owned subsidiary of Haikou Xinyuan
"IFRS"	International Financial Reporting Standards
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LNG"	liquefied natural gas
"Panjing Dingsheng"	盤錦鼎盛燃氣有限公司 (Panjing Dingsheng Gas Limited*), a company established in the PRC with limited liability, is a non-wholly owned subsidiary of CNPC
"PRC"	the People's Republic of China and, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region and the Macau Special Administrative Region
"Shareholder(s)"	holder(s) of the share(s) of HK$0.055 each in the share capital of the Company

"Shennan Energy"	海南中油深南能源有限公司 (Hainan China Petroleum Shennan Energy Co., Ltd.*), a company established in the PRC with limited liability, held as to 90% by Shennan Petroleum Technology
"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 in the PRC with limited liability and a wholly-owned subsidiary of Kunlun Energy Company Limited
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	have the same meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the same meaning as ascribed to it under the Listing Rules

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

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

Hong Kong, 18 July 2016

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ming Kit, Mr. Sze Chun Lee, Mr. Hung Tao, Mr. Kwok Shek San and Mr. Hu Xiaoming; the non-executive directors of the Company are Ms. Chung Oi Ling, Stella and Mr. Zhi Xiaoye; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing.