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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)

CONTINUING CONNECTED TRANSACTIONS

THE MASTER AGREEMENT

The Board is pleased to announce that on 21 November 2016, Anhui Power Energy, an indirect wholly-owned subsidiary of the Company, entered into the Master Agreement with Beijing Luyuanda, pursuant to which Anhui Power Energy conditionally agrees to sell and Beijing Luyuanda conditionally agrees to purchase LNG for a term of three years from 1 January 2017 to 31 December 2019 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Gas, a substantial shareholder (as defined under the Listing Rules) of the Company holding approximately 23.95% of the issued share capital of the Company, was indirectly wholly-owned by BGGCL. BGGCL holds the entire equity interest of Beijing Luyuanda. Therefore, Beijing Luyuanda is an associate (as defined under the Listing Rules) of Beijing Gas and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under Master Agreement constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

As the applicable percentage ratio exceeds 5% and the transactions amount under the Master Agreement exceeds HK$10,000,000, the CCT constitutes non-exempt continuing connected transactions for the Company and are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Beijing Gas and its associate(s) (as defined under the Listing Rules) are required to abstain from voting on the resolution(s) in respect of the CCT at the SGM.

An Independent Board Committee (comprising of all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CCT. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An SGM will be convened and held to consider and, if thought fit, to approve the CCT contemplated by the Master Agreement and the Annual Caps.

A circular containing, among other things, (i) details of the CCT; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CCT; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT; (iv) a notice of the SGM; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 20 December 2016.

INTRODUCTION

The Board is pleased to announce that on 21 November 2016 (after trading hours), Anhui Power Energy, an indirect wholly-owned subsidiary of the Company, entered into the Master Agreement with Beijing Luyuanda, pursuant to which Anhui Power Energy conditionally agrees to sell and Beijing Luyuanda conditionally agrees to purchase LNG for a term of three years from 1 January 2017 to 31 December 2019 (both days inclusive).

PRINCIPAL TERMS OF THE MASTER AGREEMENT

Date : 21 November 2016 (after trading hours)

Parties :

(i) Anhui Power Energy, an indirect wholly-owned subsidiary of the Company; and

(ii) Beijing Luyuanda, an associate (as defined under the Listing Rules) of Beijing Gas, a substantial Shareholder (as defined under the Listing Rules). Beijing Luyuanda is therefore a connected person of the Company under the Listing Rules.

Term

Pursuant to the Master Agreement and subject to the approval by the Independent Shareholders, Anhui Power Energy agrees to sell and Beijing Luyuanda agrees to purchase LNG for a term of three years from 1 January 2017 to 31 December 2019 (both days inclusive). The selling price of LNG as set out under the paragraph headed "Basis of Pricing" in this announcement.

Condition Precedent

The Master Agreement is conditional upon the fulfilment of the following conditions:

1. Anhui Power Energy has obtained all necessary approvals internally required for the Master Agreement and the transactions contemplated thereunder.

2. The Company has obtained the approval from the Independent Shareholders at the SGM in accordance with the articles of association of the Company and the Listing Rules.

3. Anhui Power Energy and Beijing Luyuanda have executed the safety agreement in relation to the sale and purchase of LNG.

Basis of Pricing

The selling price of LNG shall be agreed by both Anhui Power Energy and Beijing Luyuanda by written confirmations for each order. Before confirming the selling price of LNG with Beijing Luyuanda, Anhui Power Energy would consider the selling price of LNG to be paid by Anhui Power Energy to its suppliers, the costs to be incurred by Anhui Power Energy and the target profit to be received by Anhui Power Energy.

The pricing for the sale and purchase of LNG under the Master Agreement, are determined by arm's length negotiations based on normal commercial terms and be based on the following principles:

1. The market price of LNG in the PRC;

2. The selling price to Beijing Luyuanda shall not be lower than the selling price to the Independent Third Party in the market.

3. The selling price may be adjusted under the following circumstances:

   (i) the LNG producer or supplier of Anhui Zhengweli adjusts its selling price;

   (ii) new governmental policy in relation to the selling price of LNG is implemented; and

   (iii) the delivery cost of the Anhui Power Energy has been increased due to the change of the fuel price.

If there is any adjustment to the selling price of LNG, Anhui Power Energy will notify Beijing Luyuanda in writing. If Beijing Luyuanda does not agree with the price adjustment, it is entitled to reduce its amount of purchase or terminate the Master Agreement.

The supply of LNG by Anhui Power Energy will be subject to prepayment for LNG made by Beijing Luyuanda pursuant to the Master Agreement. The actual settlement amount shall be based on the actual sale and purchase amount of LNG between the parties to the Master Agreement.

Proposed Annual Caps

The Annual Caps for the Master Agreement for the years ending 31 December 2017, 2018 and 2019 is set out as follows:

	For the year ending 31 December 2017	**For the year ending 31 December 2018**	**For the year ending 31 December 2019**
Annual Caps	RMB150,000,000	RMB165,000,000	RMB180,000,000

The Annual Caps for the three years ending 31 December 2017, 2018 and 2019 are determined based on the followings:

(i) the estimated usage of the LNG by Beijing Luyuanda; and

(ii) the current market price of the LNG of approximately RMB3,000 per ton;

The actual settlement amount shall be based on the actual sale and purchase amount of LNG between parties.

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 THE BENEFITS OF ENTERING INTO THE MASTER AGREEMENT

The Group is principally engaged in (i) sales of natural gas and other related products and (ii) sales of books and specialised products.

Anhui Power Energy is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, and principally engaged in the sales of natural gas and other related products.

As advised by Beijing Luyuanda, Beijing Luyuanda is a company established in the PRC with limited liability, and principally engaged in, among other things, the operation of vehicle gas stations (oil and gas mixture) business and sale of LNG.

The Master Agreement between Anhui Power Energy and Beijing Luyuanda was entered into by Anhui Power Energy in the ordinary and usual course of business of the Group. The sale of LNG by Anhui Power Energy to Beijing Luyuanda will strengthen the existing business of the Group in the sales of natural gas and increase the revenue of the Group.

The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the Annual Caps have been determined on an arm's length basis and the Master Agreement was entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and the terms are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Beijing Gas, a substantial shareholder (as defined under the Listing Rules) of the Company holding approximately 23.95% of the issued share capital of the Company, was indirectly wholly-owned by BGGCL. BGGCL holds the entire equity interest of Beijing Luyuanda. Therefore, Beijing Luyuanda is an associate (as defined under the Listing Rules) of Beijing Gas and a connected person of the Company under the Listing Rule. Accordingly, the transactions contemplated under Master Agreement constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

As the applicable percentage ratio exceeds 5% and the transactions amount under the Master Agreement exceeds HK$10,000,000, the CCT constitutes non-exempt continuing connected transactions for the Company and are subject to reporting, annual review, announcement and

Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Beijing Luyuanda and its associate(s) (as defined under the Listing Rules) are required to abstain from voting on the resolution(s) in respect of the CCT at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Beijing Gas and its associate(s) (as defined under the Listing Rules), no Director or Shareholder has a material interest in the Master Agreement. Accordingly, apart from Beijing Gas and its associate(s), no other Shareholder is required to abstain from voting at the SGM in respect of the resolutions relating to the Master Agreement.

GENERAL

An Independent Board Committee (comprising of all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CCT. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An SGM will be convened and held to consider and, if thought fit, to approve the CCT contemplated by the Master Agreement and the Annual Caps.

A circular containing, among other things, (i) details of the CCT; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CCT; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT; (iv) a notice of the SGM; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 20 December 2016.

DEFINITIONS

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

"Anhui Power Energy"	安徽正威力能源有限公司 (Anhui Power Energy Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Annual Caps"	the proposed maximum aggregate annual value for the CCT contemplated under the Master Agreement
"Beijing Gas"	Beijing Gas Company Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder (as defined under the Listing Rules) of the Company
"Beijing Luyuanda"	北京燃氣綠源達清潔燃料有限公司 (Beijing Gas Lu Yuan Da Clean Fuel Company Limited*), a company established in the PRC with limited liability, an associate (as defined under the Listing Rules) of Beijing Gas
"BGGCL"	北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd.*), a company established in the PRC with limited liability, an associate (as defined under the Listing Rules) of Beijing Gas
"Board"	the board of Directors

"CCT"	the transactions to be entered into between Anhui Power Energy and Beijing Luyuanda on an ongoing basis pursuant to the Master Agreement
"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
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Company to be formed by the Company to advise the Independent Shareholders as to whether the Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole
"Independent Financial Adviser"	the independent financial advisor which will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole
"Independent Shareholders"	Shareholders other than Beijing Gas and its associate(s) (as defined under the Listing Rules), who are not involved in or interested in the Master Agreement and the transactions contemplated thereunder
"Independent Third Party(ies)"	the independent third party(ies) who is/are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange
"LNG"	liquefied natural gas
"Master Agreement"	the agreement dated 21 November 2016 between Anhui Power Energy and Beijing Luyuanda, pursuant to which Anhui Power Energy agrees to sell and Beijing Luyuanda agrees to purchase LNG for a term of 3 years commencing from 1 January 2017 to 31 December 2019 together with the respective safety agreement in relation to the sale and purchase of LNG

"PRC"	the People's Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Master Agreement, the Annual Caps and the transaction contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.055 each in the issued share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

* *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.*

If there is any inconsistency in this announcement between the Chinese and English versions and the English version shall prevail.

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

Hong Kong, 21 November 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. Hu Xiaoming and Mr. Tam Man Kin; the non-executive director of the Company is 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.