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BEIJING GAS BLUE SKY HOLDINGS LIMITED
北京燃氣藍天控股有限公司

(formerly known as Blue Sky Power Holdings Limited 藍天威力控股有限公司)

(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)

(Singapore Stock Code: UQ7)

DISCLOSEABLE TRANSACTIONS IN RELATION TO THE ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF OCTONET LIMITED AND AUGUST ZONE LIMITED

THE ACQUISITION AGREEMENTS

Reference is made to the MOU Announcements whereby it was announced that the Company has entered into the MOU in relation to the possible acquisitions of the entire issued share capital of OctoNet and the entire equity interest in Shenzhen Jiemei by the Purchaser from the respective Vendors.

The Board is pleased to announce that on 2 May 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement A with Vendor A and the Guarantor pursuant to which Vendor A conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of OctoNet at the Consideration A of RMB162 million (equivalent to approximately HK$188.6 million), and the Guarantor has agreed to guarantee the due performance and obligations of Vendor A under the Acquisition Agreement A.

The Board is also pleased to announce that on 2 May 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement B with Vendor B and Vendor C pursuant to which Vendor B and Vendor C conditionally agreed to sell 90% and 10%, respectively, of the issued share capital of August Zone and the Purchaser conditionally agreed to purchase the entire issued share capital of August Zone at Consideration B of RMB198 million (equivalent to approximately HK$230.5 million).

Upon completion of Acquisition A and Acquisition B, OctoNet and August Zone Group, will become subsidiaries of the Company. Accordingly, the financial results of OctoNet and August Zone Group will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisitions in aggregate are above 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement but are exempted from shareholders' approval requirements under Chapter 14 of the Listing Rules.

As completion of Acquisition A and Acquisition B are subject to the fulfillment of the respective conditions precedent set out in the respective Acquisition Agreements, the Acquisitions may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the MOU Announcements whereby it was announced that the Company had entered into the MOU in relation to the possible acquisitions of the entire issued share capital of OctoNet and the entire equity interest in Shenzhen Jiemei by the Purchaser from the respective Vendors.

The Board is pleased to announce that on 2 May 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement A with Vendor A and the Guarantor pursuant to which Vendor A conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of OctoNet at Consideration A of RMB162 million (equivalent to approximately HK$188.6 million), and the Guarantor has agreed to guarantee the due performance and obligations of Vendor A under the Acquisition Agreement A.

The Board is also pleased to announce that on 2 May 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Acquisition Agreement B with Vendor B and Vendor C pursuant to which Vendor B and Vendor C conditionally agreed to sell 90% and 10%, respectively, of the issued share capital of August Zone and the Purchaser conditionally agreed to purchase the entire issued share capital of August Zone at Consideration B of RMB198 million (equivalent to approximately HK$230.5 million).

Set out below are the respective major terms of the Acquisition Agreements.

THE ACQUISITION AGREEMENT A

Date

2 May 2017 (after trading hour of the Stock Exchange)

Parties

Vendor : Minliang Limited

Purchaser : Goldlink Capital Limited, a direct wholly-owned subsidiary of the Company

Guarantor : Fang Lihong* (方麗虹)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Vendor A and the Guarantor, who is also the ultimate beneficial owner of Vendor A, are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement A, Vendor A conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of OctoNet at Consideration A of RMB162 million (equivalent to approximately HK$188.6 million). OctoNet directly owns 45% equity interest in Jilin Haoyuan, which in turn holds 100% equity interest in Shenzhen Lanran, 99% equity interest in Haoyuan Engineering and 90% equity interest in Haoyuan Taxi.

Basis of determination of the Consideration A

The Consideration A was determined after arm's length negotiations between the Purchaser and Vendor A, having regards to the (i) financial position and the prospects and potential of the business of Jilin Haoyuan; (ii) OctoNet holding 45% equity interest in Jilin Haoyuan; (iii) the net profit of Jilin Haoyuan and its subsidiaries of approximately RMB16.6 million for the year ended 31 December 2016; and (iv) the Valuation of approximately RMB360 million (equivalent to approximately HK$419.1 million), as at the valuation date of 31 December 2016 prepared by Roma Appraisals Limited, an independent valuer, based on discounted cash flow method. For details, please refer to the section headed "COMPLIANCE WITH RULE 14.61 OF THE LISTING RULES".

The Consideration A shall be settled by the Purchaser in the following manner:

(i) a sum of RMB104 million (equivalent to approximately HK$121.1 million) being paid by the Purchaser to Vendor A (or its nominees) as refundable earnest monies under the MOU shall be fully applied to satisfy payment of part of the Consideration A on the date of completion of Acquisition A; and

(ii) the remaining balance of the Consideration A, being RMB58 million (equivalent to approximately HK$67.5 million) shall be payable by the Purchaser to Vendor A (or its nominees) in cash on the date of completion of Acquisition A.

Conditions precedent of Acquisition A

Completion of Acquisition A is subject to the following conditions being fulfilled and/or waived (as the case may be):

(i) the Purchaser being satisfied with the results of the due diligence review (including but not limited to the review on liabilities) in respect of OctoNet Group;

(ii) the Purchaser having received the relevant documents in relation to the share transfer of entire issued share capital of OctoNet to the Purchaser and/or its nominee and registered the said documents (and be satisfied by the Purchaser) with the relevant governmental authorities in the BVI to the satisfaction of the Purchaser;

(iii) the completion of the acquisition of entire issued share capital of OctoNet being conducted simultaneously;

(iv) the completion of the acquisition of entire issued share capital of OctoNet and the acquisition of 45% equity interest in Jilin Haoyuan, whether directly or indirectly, by the Purchaser, being conducted simultaneously;

(v) Vendor A being the beneficial owner of entire issued share capital of OctoNet, which is free from any encumbrance or third party's rights;

(vi) OctoNet being the legal and beneficial owner of 45% equity interest in Jilin Haoyuan, which is free from any encumbrance or third party's rights, save and except the pledge for secure the repayment of the Refundable Earnest Money A;

(vii) Vendor A, the Guarantor and OctoNet having obtained all necessary approvals and authorisations in respect of the Acquisition Agreement A and transactions contemplated thereunder, including but not limited to the approval from the board and shareholders (if applicable);

(viii) the management of OctoNet Group having no material change, and not having done any act which may result in negative impact on the business, assets, properties, financial condition, operation and prospect of OctoNet Group, and the warranties having remained true and accurate in all respects as at the date of completion of Acquisition A; and

(ix) the Purchaser having received (to the satisfaction of the Purchaser) the deed of guarantee duly executed by the Guarantor.

The Purchaser shall have the right to waive any of the above conditions at its discretion. If any of the conditions have not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date or such later date as the parties to the Acquisition Agreement A may agree in writing, the Acquisition Agreement A shall lapse and have no further effect. Vendor A shall refund all amounts previously received from the Purchaser (including but not limited to the Refundable Earnest Money A), without interest, to the Purchaser immediately. Upon the due receipt of the above payment by the Purchaser and save for any antecedent breach of the Acquisition Agreement A, none of the parties shall make any claims against any other parties pursuant to the terms and conditions of the Acquisition Agreement A.

As disclosed in the MOU Announcements, pursuant to the MOU, Vendor A has executed or has procured relevant parties to execute the following documents to secure the repayment (if applicable) of the Refundable Earnest Money A, which remain valid and legally enforceable after entering into of the Acquisition Agreement A:

(1) the personal guarantee executed by the Guarantor;

(2) the negative pledge and undertaking letter in respect of OctoNet and Jilin Haoyuan executed by OctoNet; and

(3) the share charge executed by Vendor A in favour of the Purchaser in respect of the entire equity interest of OctoNet.

Completion

Completion shall take place within five Business Days immediately following the date that all above conditions have been satisfied and/or waived (as the case may be) but not be later than the Conditions Fulfillment Date.

THE ACQUISITION AGREEMENT B

Date

2 May 2017 (after trading hour of the Stock Exchange)

Parties

Vendors	:	Vendor B	:	Liu Qingxia* (劉慶霞)
		Vendor C	:	Liu Shiguo* (劉世國)
Purchaser	:	Goldlink Capital Limited, a direct wholly-owned subsidiary of the Company		

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Vendor B and Vendor C are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement B, Vendor B and Vendor C conditionally agreed to sell 90% and 10%, respectively, of the issued share capital of August Zone, and the Purchaser conditionally agreed to purchase the entire issued share capital of August Zone at Consideration B of RMB198 million (equivalent to approximately HK$230.5 million).

August Zone indirectly holds 55% equity interest in Jilin Haoyuan, which in turn holds 100% equity interest in Shenzhen Lanran, 99% equity interest in Haoyuan Engineering and 90% equity interest in Haoyuan Taxi, respectively.

Basis of determination of the Consideration B

The Consideration B was determined after arm's length negotiations among the Purchaser, Vendor B and Vendor C, having regards to (i) the financial position and the prospects and potential of the business of Jilin Haoyuan; (ii) August Zone indirectly holding 55% equity interest in Jilin Haoyuan; (iii) the net profit of Jilin Haoyuan and its subsidiaries of approximately RMB16.6 million for the year ended 31 December 2016; and (iv) the Valuation of approximately RMB360 million (equivalent to approximately HK$419.1 million), as at the valuation date of 31 December 2016 prepared by Roma Appraisals Limited, an independent valuer, based on discounted cash flow method. For details, please refer to the section headed "COMPLIANCE WITH RULE 14.61 OF THE LISTING RULES".

The Consideration B shall be settled by the Purchaser in the following manner:

(i) a sum of RMB158 million (equivalent to approximately HK$183.9 million) being paid by the Purchaser to Vendor B and Vendor C (or their respective nominees) as refundable earnest monies under the MOU shall be fully applied to satisfy payment of part of the Consideration B on the date of completion of Acquisition B; and

(ii) the remaining balance of the Consideration B, being RMB36 million and RMB4 million (equivalent to a total amount of approximately HK$46.6 million) shall be payable by the Purchaser to Vendor B and Vendor C (or their respective nominees) in cash on the date of completion of Acquisition B respectively.

Conditions precedent of Acquisition B

Completion of the Acquisition B is subject to the following conditions being fulfilled and/or waived (as the case may be):

(i) the Purchaser being satisfied with the results of the due diligence review (including but not limited to the review on liabilities) in respect of August Zone Group;

(ii) the Purchaser having received the relevant documents in relation to the transfer of entire issued share capital of August Zone to the Purchaser and/or its nominee and registered the said documents (and be satisfied by the Purchaser) with the relevant governmental authorities in the BVI to the satisfaction of the Purchaser;

(iii) the completion of the acquisition of entire issued share capital of August Zone being conducted simultaneously;

(iv) the completion of the acquisition of the entire issued share capital of August Zone and the acquisition of 55% equity interest in Jilin Haoyuan, whether directly or indirectly, by the Purchaser, being conducted simultaneously;

(v) Vendor B and Vendor C being the beneficial owners of entire issued share capital of August Zone, which is free from any encumbrance or third party's rights;

(vi) Shenzhen Jiemei being the legal and beneficial owner of 55% equity interest in Jilin Haoyuan, which is free from any encumbrance or third party's rights;

(vii) Vendor B, Vendor C and August Zone having obtained all necessary approvals and authorisations in respect of the Acquisition Agreement B and transactions contemplated thereunder, including but not limited to the approval from the board and shareholders (if applicable);

(viii) the Purchaser having received the documents evidencing that the directors and the company secretary of Key Lead has been changed to the satisfaction of the Purchaser; and the said changes have been registered with the relevant government authorities in Hong Kong;

(ix) the Purchaser having received the documents (including but not limited to the certificate of incumbency) evidencing that the directors, shareholders and the administrator of August Zone has been changed to the satisfaction of the Purchaser; and the said changes have been registered with the relevant government authorities in the BVI;

(x) the management of August Zone Group having no material change, and not having done any act which may result in negative impact on the business, assets, properties, financial condition, operation and prospect of August Zone Group, and the warranties having remained true and accurate in all respects as at the date of completion of Acquisition B.

The Purchaser shall have the right to waive any of the above conditions at its discretion. If any of the conditions have not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date or such later date as the parties to the Acquisition Agreement B may agree in writing, the Acquisition Agreement B shall lapse and have no further effect. Vendor B and Vendor C shall refund all amounts previously received from the Purchaser (including but not limited to the Refundable Earnest Money B), without interest, to the Purchaser immediately.

Upon the due receipt of the above payment by the Purchaser and save for any antecedent breach of the Acquisition Agreement B, none of the parties shall make any claims against any other parties pursuant to the terms and conditions of the Acquisition Agreement B.

As disclosed in the MOU Announcements, pursuant to the MOU, Vendor B and Vendor C have executed or have procured relevant parties to execute the following documents to secure the repayment (if applicable) of the Refundable Earnest Money B, which remain valid and legally enforceable after entering into of the Acquisition Agreement B:

(1) the negative pledge and undertaking letter in respect of Shenzhen Jiemei and Jilin Haoyuan executed by Vendor B;

(2) the negative pledge and undertaking letter in respect of Shenzhen Jiemei and Jilin Haoyuan executed by Vendor C; and

(3) the negative pledge and undertaking letter in respect of Shenzhen Jiemei and Jilin Haoyuan executed by Shenzhen Jiemei.

Completion

Completion shall take place within five Business Days immediately following the date that all above conditions have been satisfied and/or waived (as the case may be) but not be later than the Conditions Fulfillment Date.

INFORMATION OF THE COMPANY AND THE PURCHASER

The Company is principally engaged in (i) natural gas for transportation; (ii) trading and distribution of natural gas; and (iii) city gas and other related products.

The Purchaser is incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. Its principal business is investment holding.

INFORMATION OF THE VENDORS AND THE GUARANTOR

Vendor A and the Guarantor

Vendor A is a company incorporated in the BVI with limited liability. Its principal business is investment holding. Vendor A is wholly-owned by the Guarantor, who is a PRC citizen and a businesswoman. As advised by Vendor A, Vendor A directly owns entire issued share capital of OctoNet and indirectly owns 45% equity interest in Jilin Haoyuan through OctoNet.

Vendor B and Vendor C

Both Vendor B and Vendor C are PRC citizens and business persons. Vendor B and Vendor C directly own 90% and 10% issued share capital of August Zone, respectively, and Vendor B and Vendor C together indirectly own 55% equity interest in Jilin Haoyuan.

INFORMATION ABOUT THE TARGET GROUP

OctoNet

As advised by Vendor A, OctoNet is a company incorporated in the BVI with limited liability on 28 March 2000, which, as advised by Vendor A, is wholly owned by Vendor A. The principal business of OctoNet is investment holding.

August Zone

As advised by Vendor B and Vendor C, August Zone is a company incorporated in the BVI with limited liability on 3 January 2017, which is directly held by Vendor B as to 90% and Vendor C as to 10%. The principal business of August Zone is investment holding. Save for the interest in Key Lead, August Zone has no other asset and operation since its incorporation in all material respects.

Key Lead

As advised by Vendor B and Vendor C, Key Lead is a company incorporated in Hong Kong with limited liability on 15 July 2016, which is directly wholly-owned by August Zone. The principal business of Key Lead is investment holding. Save for the interest in Shenzhen Hangjie, Key Lead has no other asset and operation since its incorporation in all material respects.

Shenzhen Hangjie

As advised by Vendor B and Vendor C, Shenzhen Hangjie is a company established in the PRC with limited liability on 15 November 2016, which is directly wholly-owned by Key Lead. The principal business of Shenzhen Hangjie is, among other things, investment holding. Save for the interest in Shenzhen Hangbao, Shenzhen Hangjie has no other asset and operation since its incorporation in all material respects.

Shenzhen Hangbao

As advised by Vendor B and Vendor C, Shenzhen Hangbao is a company established in the PRC with limited liability on 9 January 2017, which is directly wholly-owned by Shenzhen Hangjie. The principal business of Shenzhen Hangbao is, among other things, investment holding. Save for the interest in Shenzhen Hanghua, Shenzhen Hangbao has no other asset and operation since its incorporation in all material respects.

Shenzhen Hanghua

As advised by Vendor B and Vendor C, Shenzhen Hanghua is a company established in the PRC with limited liability on 9 January 2017, which is directly wholly-owned by Shenzhen Hangbao. The principal business of Shenzhen Hanghua is, among other things, investment holding. Save for the interest in Shenzhen Hanglin, Shenzhen Hanghua has no other asset and operation since its incorporation in all material respects.

Shenzhen Hanglin

As advised by Vendor B and Vendor C, Shenzhen Hanglin is a company established in the PRC with limited liability on 9 January 2017, which is directly wholly-owned by Shenzhen Hanghua. The principal business of Shenzhen Hanglin is, among other things, investment holding. Save for its interest in Shenzhen Jiemei, Shenzhen Hanglin has no other asset and operation since its incorporation in all material respects.

Shenzhen Jiemei

As advised by Vendor B and Vendor C, Shenzhen Jiemei is a company established in the PRC with limited liability on 19 May 2003, which is directly wholly-owned by Shenzhen Hanglin. The principal business of Shenzhen Jiemei is, among other things, investment holding.

Jilin Haoyuan

As advised by the Vendors, Jilin Haoyuan is a company established in the PRC with limited liability on 5 June 2002, which is directly owned by Shenzhen Jiemei as to 55% and OctoNet as to 45%. The principal business of Jilin Haoyuan is (i) supply of piped gas to residential households, commercial users and public buildings (e.g. school, restaurants, hospitals and commercial complex); and (ii) operation of two compressed natural gas ("CNG") refueling stations for vehicles.

Shenzhen Lanran

As advised by the Vendors, Shenzhen Lanran is a company established in the PRC with limited liability on 8 December 2016, which is directly wholly-owned by Jilin Haoyuan. Shenzhen Lanran has not commenced its operation as at the date of this announcement.

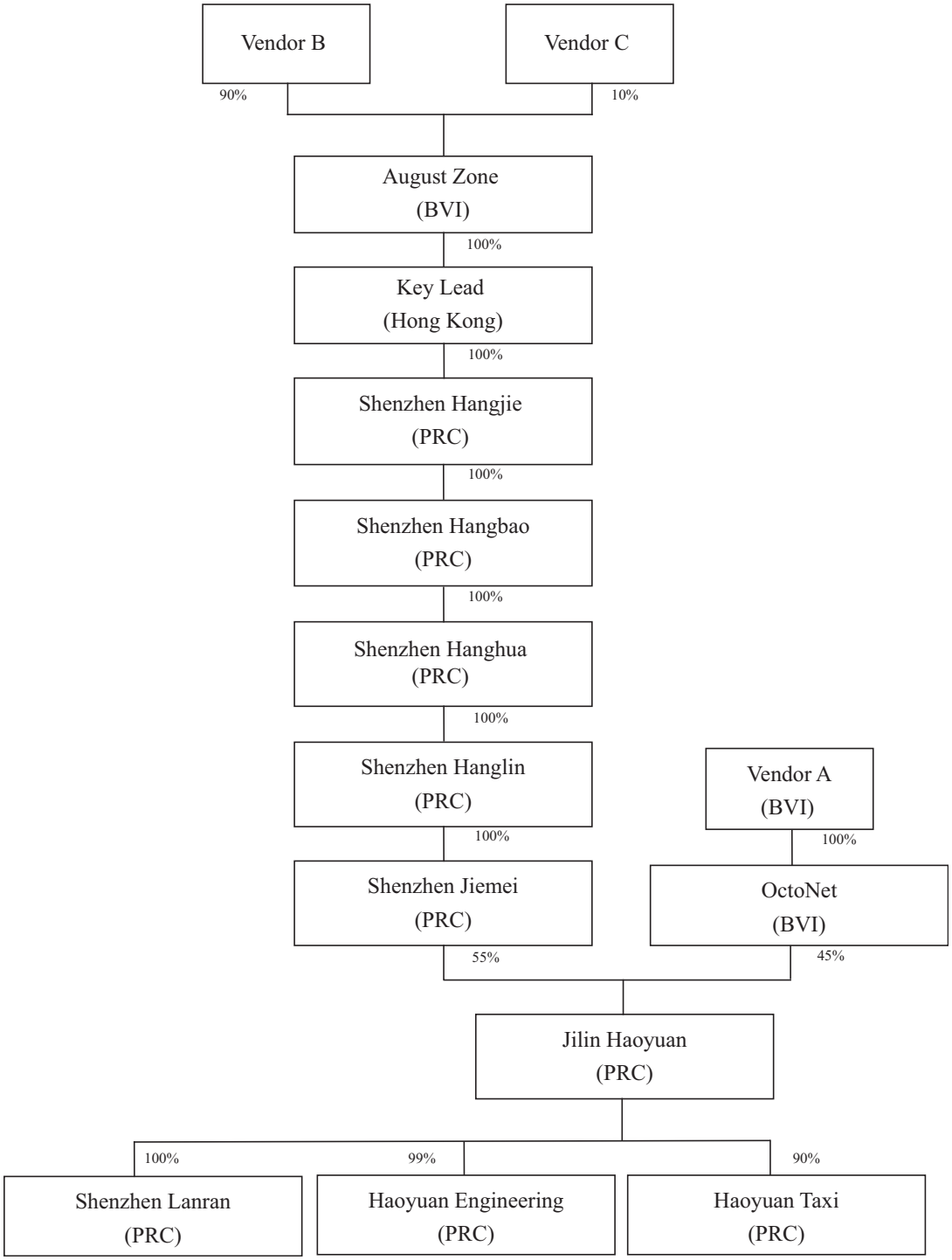
Haoyuan Engineering

As advised by the Vendors, Haoyuan Engineering is a company established in the PRC with limited liability on 12 April 2004, which is directly owned by Jilin Haoyuan as to 99% and an Independent Third Party as to 1%. The principal businesses of Haoyuan Engineering are, among other things, laying and installing underground pipelines and logistics.

Haoyuan Taxi

As advised by the Vendors, Haoyuan Taxi is a company established in the PRC with limited liability on 30 March 2005, which is directly owned by Jilin Haoyuan as to 90% and an Independent Third Party as to 10%. The principal businesses of Haoyuan Taxi are, among other things, car rentals, decoration and repair.

As at the date of this announcement, the shareholding structure of the companies held by the Vendors is as follow:



Note: To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the minority shareholders of Haoyuan Engineering and Haoyuan Taxi are Independent Third Parties.

Financial information on Jilin Haoyuan and its subsidiaries

As advised by Vendor A, OctoNet is principally engaged in investment holding and, save for its equity interest in Jilin Haoyuan, has no material assets and business operations. As advised by Vendor B and Vendor C, August Zone Group (save and except Jilin Haoyuan, Shenzhen Lanran, Haoyuan Engineering and Haoyuan Taxi) are principally engaged in investment holding, save for the equity interest in Jilin Haoyuan, they have no material assets and business operations.

The audited financial information of Jilin Haoyuan for the two financial years ended 31 December 2016 are as follows:

	For the year ended 31 December 2016 (Audited) *RMB'000*	**For the year ended 31 December 2015** (Audited) *RMB'000*
Turnover	96,637	136,096
Profit before taxation	19,756	12,232
Profit after taxation	16,640	9,174

	As at 31 December 2016 (Audited) *RMB'000*	**As at 31 December 2015** (Audited) *RMB'000*
Total assets	145,366	140,339
Total liabilities	79,780	82,395
Net assets	65,586	57,944

The audited financial information of Shenzhen Lanran for the financial year ended 31 December 2016 are as follows:

	For the year ended 31 December 2016 (Audited) *RMB'000*
Turnover	—
Profit before taxation	—
Profit after taxation	—

	As at 31 December 2016 (Audited) *RMB'000*
Total assets	1
Total liabilities	1
Net assets	—

The audited financial information of Haoyuan Engineering for the two financial years ended 31 December 2016 are as follows:

	For the year ended 31 December 2016 (Audited) *RMB'000*	For the year ended 31 December 2015 (Audited) *RMB'000*
Turnover	—	1,060
(Loss)/Profit before taxation	(95)	135
(Loss)/Profit after taxation	(95)	135

	As at 31 December 2016 (Audited) *RMB'000*	As at 31 December 2015 (Audited) *RMB'000*
Total assets	1,541	1,083
Total liabilities	640	87
Net assets	901	996

The audited financial information of Haoyuan Taxi for the two financial years ended 31 December 2016 are as follows:

	For the year ended 31 December 2016 (Audited) *RMB'000*	For the year ended 31 December 2015 (Audited) *RMB'000*
Turnover	176	215
Profit/(Loss) before taxation	49	(75)
Profit/(Loss) after taxation	47	(77)

	As at 31 December 2016 (Audited) *RMB'000*	As at 31 December 2015 (Audited) *RMB'000*
Total assets	455	375
Total liabilities	1,499	1,465
Net liabilities	1,044	1,090

The unaudited financial information of Shenzhen Jiemei for the two financial years ended 31 December 2016 as follows:

	For the year ended 31 December 2016 (Unaudited) *RMB'000*	For the year ended 31 December 2015 (Unaudited) *RMB'000*
Turnover	—	—
Profit before taxation	—	—
Profit after taxation	—	—

	As at 31 December 2016 (Unaudited) *RMB'000*	As at 31 December 2015 (Unaudited) *RMB'000*
Total assets	27,501	27,500
Total liabilities	17,501	17,500
Net assets	10,000	10,000

The unaudited financial information of OctoNet for the two financial years ended 31 December 2016 as follows:

	For the year ended 31 December 2016 (Unaudited) *HK$'000*	For the year ended 31 December 2015 (Unaudited) *HK$'000*
Turnover	—	—
Loss before taxation	3,000	3,000
Loss after taxation	3,000	3,000

	As at 31 December 2016 (Unaudited) *HK$'000*	As at 31 December 2015 (Unaudited) *HK$'000*
Total assets	21,177	21,177
Total liabilities	69,169	66,169
Net liabilities	47,992	44,992

Upon completion of Acquisition A and Acquisition B, the Target Group will become subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As advised by the Vendors, Jilin Haoyuan entered into a franchise operation agreement (特許經營協議) with the Public Utility Bureau* (公用事業局) authorised by the local government of Songyuan City (松原市) in Jilin Province, in which Jilin Haoyuan was granted the exclusive operation rights (特許經營權) for a term of 30 years commencing from 1 January 2004 to 1 January 2034 for the supply of natural gas via gas pipelines within the Urban Planning Area (城市規劃區域) in Songyuan City.

It is expected that there will be further new connections to residential households by Jilin Haoyuan, in view of (i) new real estate projects to be completed in Songyuan City and (ii) the conversion to piped gas by existing residential areas. In addition, the Chinese government is pushing forward the "coal-to-gas" policy to battle with the serious smog situation in the North-Eastern region, including Jilin Province. Therefore, it is expected that the business of Jilin Haoyuan will also be benefited from the policy, pursuant to which more commercial users and public buildings in the district are considering to switch to use gas-fired boilers in replacement of old coal-fired boilers for heating and air-conditioning purpose.

As disclosed in the 2016 annual report of the Company, in future, the Group will invest and develop the natural gas business proactively and expand its business layout by taking the "develop clean energy, improve customer value, and create a better Blue Sky" as its mission and adhering to the corporate values of "openness, innovation, cohesion, pragmatism, accountability, listening and inclusiveness".

As such, the Directors considered that the Acquisitions are in line with the mission of the Group and shall benefit from the government's "coal-to-gas" policy which aims to improve the air pollution issue in China. The Acquisitions shall provide an excellent opportunity for the Group to extend its geographical coverage and enlarge its market share in relation to its natural gas business which encompasses (i) construction and operation of CNG and liquefied natural gas ("LNG") refueling stations for vehicles; (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complexes and residential communities; and (iii) distribution and trading of CNG and LNG. The Company can become an important player in the city gas sector, which can increase the revenue streams of the Group, thus enhancing its industrial competitive position and generating more investment value for investors and Shareholders. The terms of the Acquisition Agreements were arrived at after arm's length negotiations between the Purchaser and the Vendors. The payment of the Considerations will be funded by the internal resources of the Group. The Directors

considered the terms of the Acquisition Agreements and the Considerations are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

COMPLIANCE WITH RULE 14.61 OF THE LISTING RULES

As the Valuation is based on discounted cash flow method, it constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, Rules 14.60A and Rule 14.62 of the Listing Rules are applicable.

Pursuant to Rule 14.60A, the following are details of the principal assumptions, including commercial assumptions, upon which the Valuation is based:

(i) The Valuation was primarily based on the financial projections of Jilin Haoyuan and its subsidiaries as provided by the management. The projections outlined in the financial information provided were assumed to be reasonable, reflecting market conditions and economic fundamentals, and will be materialised;

(ii) All relevant legal approvals and business certificates or licenses to operate the business in the localities in which Jilin Haoyuan and its subsidiaries operate or intend to operate would be officially obtained and renewable upon expiry;

(iii) The Valuation was performed based on the financial statements of Jilin Haoyuan and its subsidiaries for the years ended 31 December 2015 and 2016;

(iv) Compared to similar interest in public companies, ownership interest is not readily marketable for private companies. Hence, a marketability discount of 16.11% was applied to the valuation result. The marketability discount was adopted by making reference to the study in the FMV Restricted Stock Study Companion Guide published by FMV Opinions, Inc. in 2016;

(v) Discount rate of 15.32% was adopted, which was the estimated weighted average cost of capital of Jilin Haoyuan and Haoyuan Engineering with reference to comparable companies engaged in similar businesses;

(vi) Discount rate of 17.14% was adopted, which was the estimated weighted average cost of capital of Haoyuan Taxi with reference to comparable companies engaged in similar businesses;

(vii) The exclusive operation rights (特許經營權) will remain valid and not being revoked during its terms for the supply of natural gas via gas pipelines within the Urban Planning Area in Songyuan City;

(viii) The investments in projected capital expenditure and expansion of residential and commercial customer base will be comparable to historical performance and will be materialised as scheduled;

(ix) Jilin Haoyuan and its subsidiaries will continue to operate as a going concern and the core operation of Jilin Haoyuan and its subsidiaries will not differ materially from those of present or expected;

(x) The information provided with regard to the financial and business affairs of Jilin Haoyuan and its subsidiaries are accurate and reliable;

(xi) Jilin Haoyuan and its subsidiaries will acquire adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be repaid on time;

(xii) The senior management of Jilin Haoyuan and its subsidiaries have sufficient knowledge and experience in respect of the operation, and the turnover of any director, management or key person will not affect the operation;

(xiii) There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the profit forecast;

(xiv) There are no other unpredictable and force majeure which cause material adverse effect;

(xv) There will be sufficient supply of technical staff in the industry in which Jilin Haoyuan and its subsidiaries operate, and Jilin Haoyuan and its subsidiaries will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

(xvi) There will be no major change in the current taxation laws in the localities in which Jilin Haoyuan and its subsidiaries operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

(xvii) There will be no major change in the political, legal, economic or financial conditions in the localities in which Jilin Haoyuan and its subsidiaries operate or intend to operate, which would adversely affect the revenues attributable to and profitability of Jilin Haoyuan and its subsidiaries; and

(xviii) Interest rates and exchange rates in the localities for the operation of Jilin Haoyuan and its subsidiaries will not differ materially from those presently prevailing.

Pursuant to Rule 14.62 of the Listing Rules, the Board has reviewed the principal assumptions upon which the Valuation is based and is of the view that the profit forecast has been made after due and careful enquiry. Deloitte Touche Tohmatsu, the Reporting Accountants of the Company, has performed an assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the principal assumptions. The Reporting Accountants reported that the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the principal assumptions. Letters from the Reporting Accountants and the Board are included in Appendix I and Appendix II respectively of this announcement. On the basis of the foregoing, Lego Corporate Finance Limited, the financial adviser to the Company in connection with the Acquisitions, is satisfied that the relevant forecast has been made after due and careful enquiry by the Directors. A letter from the Financial Adviser is included in Appendix III of this announcement.

The followings are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Lego Corporate Finance Limited	A corporation licenced by the Securities and Futures Commission to carry on type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Roma Appraisals Limited	An independent professional valuer

To the best knowledge, information and belief of the Board, each of the Reporting Accountants, the Financial Adviser and the Independent Valuer is a third party who is independent of the Group and its connected persons (as defined in the Listing Rules).

As at the date of this announcement, each of the Reporting Accountants, the Financial Adviser and the Independent Valuer does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

Each of the Reporting Accountants, the Financial Adviser and the Independent Valuer has given and has not withdrawn its respective consent to the publication of this announcement with inclusion of its respective letter and references to its name in the form and context in which it respectively appears.

LISTING RULES IMPLICATION

As certain of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisitions, in aggregate, are above 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement but are exempted from shareholders' approval requirements under Chapter 14 of the Listing Rules.

As completion of Acquisition A and Acquisition B are subject to the fulfillment of the respective conditions precedent set out in the respective Acquisition Agreements, the Acquisitions may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Acquisition A"	the acquisition of the entire issued share capital of OctoNet from Vendor A pursuant to the terms and conditions of the Acquisition Agreement A
"Acquisition B"	the acquisition of the entire issued share capital of August Zone from Vendor B and Vendor C pursuant to the terms and conditions of the Acquisition Agreement B
"Acquisitions"	collectively, Acquisition A and Acquisition B
"Acquisition Agreement A"	the conditional sale and purchase agreement dated 2 May 2017, including its amendments or replacement, entered into among the Purchaser, Vendor A and the Guarantor in relation to the Acquisition A
"Acquisition Agreement B"	the conditional sale and purchase agreement dated 2 May 2017, including its amendments or replacement, entered into among the Purchaser, Vendor B and Vendor C in relation to the Acquisition B
"Acquisition Agreements"	collectively, the Acquisition Agreement A and Acquisition Agreement B
"August Zone"	August Zone Limited (宏崇有限公司) is a company incorporated in the BVI with limited liability, which is directly held by Vendor B as to 90% and Vendor C as to 10%
"August Zone Group"	August Zone and its subsidiaries namely, Key Lead, Shenzhen Hangjie, Shenzhen Hangbao, Shenzhen Hanghua, Shenzhen Hanglin, Shenzhen Jiemei, Jilin Haoyuan, Shenzhen Lanran, Haoyuan Engineering and Haoyuan Taxi
"Board"	the board of Directors of the Company
"Business Days"	a day (other than Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licenced banks are generally open for general banking business in Hong Kong throughout their normal business hours
"BVI"	the British Virgin Islands
"Company"	Beijing Gas Blue Sky 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)

"Conditions Fulfilment Date"	31 May 2017, or such later date as the respective parties to the Acquisition Agreement A and Acquisition Agreement B (as the case may be) may agree in writing
"Consideration A"	the consideration of RMB162 million (equivalent to approximately HK$188.6 million) for the Acquisition A
"Consideration B"	the consideration of RMB198 million (equivalent to approximately HK$230.5 million) for the Acquisition B
"Considerations"	collectively Consideration A and Consideration B
"Director(s)"	director(s) of the Company
"Financial Adviser"	Lego Corporate Finance Limited, a corporation licensed by the Securities and Futures Commission 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)
"Group"	the Company and its subsidiaries
"Guarantor"	Fang Lihong* (方麗虹), a businesswoman and a citizen in the PRC, who is the ultimate beneficial owner of Vendor A
"Haoyuan Engineering"	Jilin Haoyuan Feikaiwa Engineering Company Limited* (吉林浩源非開挖工程有限公司), a company established in the PRC with limited liability and a subsidiary of Jilin Haoyuan
"Haoyuan Taxi"	Songyuan City Haoyuan Gas Taxi Company Limited* (松原市浩源燃氣出租車有限公司), a company established in the PRC with limited liability and a subsidiary of Jilin Haoyuan
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
"Independent Valuer"	Roma Appraisals Limited
"Jilin Haoyuan"	Jilin Haoyuan Gas Co., Ltd.* (吉林浩源燃氣有限公司), a company established in the PRC with limited liability which is directly held by OctoNet as to 45% and Shenzhen Jiemei as to 55%
"Key Lead"	Key Lead Limited (航傑有限公司), a company incorporated in Hong Kong with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOU"	the non-legally binding memorandum of understanding dated 6 December 2016, which is supplemented by a supplemental memorandum of understanding dated 3 April 2017, entered into between the Purchaser and Vendors in relation to the Acquisitions

"MOU Announcements"	the announcements of the Company dated 6 December 2016 and 3 April 2017 in relation to the MOU
"OctoNet"	OctoNet Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Vendor A
"OctoNet Group"	OctoNet, Jilin Haoyuan, Shenzhen Lanran, Haoyuan Engineering and Haoyuan Taxi
"PRC"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	Goldlink Capital Limited (金連投資有限公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
"Refundable Earnest Money A"	the refundable earnest money of RMB104 million paid by the Purchaser in cash to Vendor A or its nominee pursuant to the MOU
"Refundable Earnest Money B"	the refundable earnest money of RMB158 million paid by the Purchaser in cash to Vendor B and Vendor C or their respective nominees pursuant to the MOU
"Refundable Earnest Monies"	collectively, the Refundable Earnest Money A and Refundable Earnest Money B
"Reporting Accountants"	Deloitte Touche Tohmatsu
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) of HK$0.055 each in the share capital of the Company
"Shenzhen Hangbao"	Shenzhen Hangbao Energy Company Limited* (深圳航保能源有限公司), a company established in the PRC with limited liability
"Shenzhen Hanghua"	Shenzhen Hanghua Energy Company Limited* (深圳航華能源有限公司), a company established in the PRC with limited liability
"Shenzhen Hangjie"	Shenzhen Hangjie Energy Company Limited* (深圳航杰能源有限公司), a company established in the PRC with limited liability
"Shenzhen Hanglin"	Shenzhen Hanglin Energy Company Limited* (深圳航林能源有限公司), a company established in the PRC with limited liability
"Shenzhen Jiemei"	Shenzhen City Jiemei Shihua Investment Company Limited* (深圳市捷美石化投資有限公司), a company established in the PRC with limited liability

"Shenzhen Lanran"	Shenzhen Lanran Technical Service Company Limited* (深圳藍燃技術服務有限公司), a company established in the PRC with limited liability and a subsidiary of Jilin Haoyuan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Group"	OctoNet, August Zone and its subsidiaries
"Valuation"	the valuation of the entire equity interest in Jilin Haoyuan and its subsidiaries prepared by the Independent Valuer
"Vendor A"	Minliang Limited (民亮有限公司), a company incorporated in the BVI with limited liability, which owns 100% issued share capital of OctoNet, which in turn indirectly owns as to 45% equity interest in Jilin Haoyuan
"Vendor B"	Liu Qingxia* (劉慶霞), a citizen of PRC and businesswoman, who owns 90% equity interest in August Zone, which in turn, together with Vendor C, indirectly own as to 55% equity interest in Jilin Haoyuan
"Vendor C"	Liu Shiguo* (劉世國), a citizen of PRC and businessman, who owns 10% equity interest in August Zone, which in turn, together with Vendor B, indirectly own as to 55% equity interest in Jilin Haoyuan
"Vendors"	collectively, Vendor A, Vendor B and Vendor C
"%"	per cent.

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

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

Hong Kong, 2 May 2017

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK$ at the rate of RMB1 = HK$1.164. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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, Mr. Tam Man Kin and Mr. Li Weiqi; 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, Mr. Ma Arthur On-hing and Mr. Pang Siu Yin.

* *For identification purpose only*

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST IN JILIN HAOYUAN GAS CO., LTD.

TO THE DIRECTORS OF BEIJING GAS BLUE SKY HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Roma Appraisals Limited dated 27 April 2017, of the entire equity interest in Jilin Haoyuan Gas Co., Ltd. ("**Jilin Haoyuan**") (the "**Valuation**"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in an announcement dated 2 May 2017 to be issued by Beijing Gas Blue Sky Holdings Limited (the "**Company**") in connection with the proposed acquisition of the entire equity interest in August Zone Limited, which owns 55% equity interest in Jilin Haoyuan, and OctoNet Limited, which owns 45% equity interest in Jilin Haoyuan (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Jilin Haoyuan Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
2 May 2017

The Listing Division
The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre,
1 Harbour View Street, Central,
Hong Kong

2 May 2017

Dear Sirs,

RE: Discloseable transactions in relation to the acquisitions of all issued share capital of OctoNet Limited and August Zone Limited

We refer to the valuation report prepared by Roma Appraisals Limited (the "**Independent Valuer**") in relation the valuation of Jilin Haoyuan Gas Co., Ltd.* (吉林浩源燃氣有限公司) ("**Jilin Haoyuan**") as at 31 December 2016 (the "**Valuation**"), the valuation of which constitutes a profit forecast under Rule 14.60A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). We have discussed with the Independent Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the valuation by the Independent Valuer for which the Independent Valuer is responsible. We have also considered the report from our reporting accountants, Deloitte Touche Tohmatsu, regarding whether the discounted future estimated cash flow of the Jilin Haoyuan and the calculations thereof have been properly complied in accordance with the bases and assumptions as set out in the Valuation. On the basis of the foregoing, we are of the opinion that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

By order of the Board
Beijing Gas Blue Sky Holdings Limited
Tam Man Kin
Executive Director

2 May 2017

The Board of Directors
Beijing Gas Blue Sky Holdings Limited (the "Company")

Dear Sirs,

Re: THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 100% EQUITY INTEREST IN 吉林浩源燃氣有限公司 (JILIN HAOYUAN GAS CO., LTD.*)

We refer to the business valuation (the "**Valuation**") prepared by Roma Appraisals Limited (the "**Independent Valuer**") set out in the valuation report dated 27 April 2017, as referred to in the announcement of the Company dated 2 May 2017 (the "**Announcement**") in relation to the acquisition of the entire issued share capital of OctoNet Limited and August Zone Limited, being the companies holding 100% equity interest in 吉林浩源燃氣有限公司 (Jilin Haoyuan Gas Co., Ltd.*) (the "**Target Equity**"). Terms defined in this letter shall have the same meanings as those used in the Announcement, unless the context otherwise requires.

The Valuation, which has been arrived at using the discounted cash flow method, is based on the cash flow forecast (the "**Forecasts**") provided by the management of the Company. As the Forecasts are regarded as a profit forecast under Rule 14.61 of the Listing Rules, we have been engaged solely for the purpose of reporting to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We are not reporting on the arithmetical calculations of the Forecasts or the Valuation, nor the adoption of accounting policies thereof.

We confirm that the assessment, review and discussion carried out by us as described in this letter are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Independent Valuer, the Group and the Target Equity and opinions expressed by, and representations of, the employees and/or management of the Independent Valuer, the Group and the Target Equity. We have assumed that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which the Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and continued to be so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review. Further, the qualifications, bases and assumptions adopted by the Independent Valuer are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and the Independent Valuer.

We have not independently verified the computations leading to the Independent Valuer's determination of the fair value and market value of the Target Equity. We have had no role or involvement and have not provided and will not provide any assessment of the fair value and market value of the Target Equity. Our work does not constitute any valuation of the Target Equity. We accept no responsibility for, and express no views, whether expressly or implicitly, on the fair value, market value or any of the value of the Target Equity.

We have discussed with the management of the Company and the Independent Valuer the information and documents provided by the Company and the Target Equity.

We have also considered the letter dated 2 May 2017 from Deloitte Touche Tohmatsu, the reporting accountants of the Company regarding the calculation upon which the Forecasts have been made. We have noted that no accounting policies of the Company have been adopted in your preparation of the Forecasts as the Valuation relates only to discounted future estimated cash flows.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, we are of the opinion that the bases and assumptions of the Forecasts adopted by the Independent Valuer, for which you as the Directors are solely responsible, have been made after due and careful enquiry.

Your faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

* *For identification purposes only*