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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)

SUBSCRIPTION OF NEW SHARES AND CONVERTIBLE BOND UNDER SPECIFIC MANDATE AND RESUMPTION OF TRADING

This announcement is made pursuant to Rule 13.09(2) of the Listing Rules and the Insider Information Provisions under Part XIVA of the SFO.

Reference is made to the Announcement regarding the Discloseable Transaction. The transactions contemplated under the Share Subscription Agreement and the CB Subscription Agreement as set out in this announcement is not inter-conditional to the matters as stated in the Announcement regarding the Discloseable Transaction.

PROPOSED SUBSCRIPTION OF NEW SHARES AND CONVERTIBLE BOND UNDER SPECIFIC MANDATE

The Board is pleased to announce that, on 5 January 2016, the Company entered into the Share Subscription Agreement with Beijing Gas. According to the terms and subject to the conditions of the Share Subscription Agreement, the Investor agreed to conditionally subscribe and pay for 2,155,555,555 fully paid Subscription Shares at the Subscription Price of HK$0.45 per Subscription Share.

Accordingly, the aggregate of 2,155,555,555 Subscription Shares to be issued pursuant to the Share Subscription Agreement represent approximately 35.34% of the total issued Shares of the Company as at the date of this announcement; and approximately 26.11% of the total issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company after the date of this announcement and before Closing).

The Board is pleased to announce that on 5 January 2016, the Company entered into the CB Subscription Agreement with Beijing Gas pursuant to which the Investor conditionally agreed to subscribe, and the Company conditionally agreed to issue the Convertible Bond in an aggregate principal amount of HK$350,000,000 at the Issue Price.

Based on the initial Conversion Price of HK$0.45 per Conversion Share and assuming full conversion of the Convertible Bond, a maximum number of 777,777,777 Conversion Shares will be allotted and issued by the Company*(Note)*, representing approximately 12.75% of the existing issued share capital of the Company as at the date of this announcement; and 11.31% of the issued share capital of the Company as enlarged by the issue of Conversion Shares (assuming that there is no change in the issued share capital of the Company after the date of this announcement and before Closing).

The gross proceeds from the issue of the Subscription Shares pursuant to the Share Subscription Agreement will be approximately HK$970,000,000 and the gross proceeds from the issue of Convertible Bond pursuant to the CB Subscription Agreement respectively will be approximately HK$350,000,000. The net proceeds from the issue of the Subscription Shares and the Convertible Bond pursuant to the Share Subscription Agreement and the CB Subscription Agreement respectively, after deduction of all relevant costs and expenses, is estimated to be approximately HK$1,318,000,000. The proceeds from the issue of the Subscription Shares and the Convertible Bond will be used to finance the expansion of the natural gas business and replenish the general working capital of the Group. The net Subscription Price, after deduction of all relevant costs and expenses, is estimated to be approximately HK$0.449 per Subscription Share. The net Issue Price, after deduction of all relevant costs and expenses, is estimated to be approximately HK$349,000,000.

SPECIFIC MANDATE

The Company will seek the approval of the Specific Mandate from the Shareholders at the SGM to allot and issue the Subscription Shares and the Conversion Shares. Application will also be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

THE SGM

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve, among other things, the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder (including but not limited to the Specific Mandate) and the appointment of the directors nominated by the Investor.

Note: The Conversion Rights under the Convertible Bond shall only be exercisable so long as the exercise of the Conversion Rights under the Convertible Bond will not result in the holder of the Convertible Bond, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless a waiver is obtained in accordance with the requirement of the Takeovers Code.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting at the SGM in respect of the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate) and the appointment of the directors nominated by the Investor.

A circular containing, amongst other things, (i) further information on the Share Subscription Agreement and the CB Subscription Agreement; (ii) the Specific Mandate; (iii) details of appointment of the directors nominated by the Investor; and (iv) a notice of the SGM and a form of proxy will be dispatched to the Shareholders as soon as practicable. It is predicted that the circular will be despatched to the Shareholder on or before 29 February 2016.

RESUMPTION OF TRADING

Trading in the Shares of the Company on the Stock Exchange was halted from 9:00 a.m. on 6 January 2016 at the request of the Company pending the release of this announcement and the Announcement regarding the Discloseable Transaction by the Company. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares of the Company with effect from 9:00 a.m. on 7 January 2016.

The Shareholders and potential investors should be aware that the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder are subject to the fulfilment of the Conditions, and therefore the proposed issue of the Subscription Shares and the Convertible Bond may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the Announcement regarding the Discloseable Transaction. The transactions contemplated under the Share Subscription Agreement and the CB Subscription Agreement as set out in this announcement is not inter-conditional to the matters as stated in the Announcement regarding the Discloseable Transaction.

PROPOSED SUBSCRIPTION OF NEW SHARES AND CONVERTIBLE BOND UNDER SPECIFIC MANDATE

On 5 January 2016, the Company entered into the Share Subscription Agreement with Beijing Gas. According to the terms and subject to the conditions of the Share Subscription Agreement, the Investor agreed to conditionally subscribe and pay for 2,155,555,555 fully paid Subscription Shares at the Subscription Price of HK$0.45 per Subscription Share.

On 5 January 2016, the Company entered into the CB Subscription Agreement with the Beijing Gas pursuant to which the Investor conditionally agreed to subscribe, and the Company conditionally agreed to issue the Convertible Bond in an aggregate principal amount of HK$350,000,000 at the Issue Price.

Share Subscription Agreement

The principal terms of the Share Subscription Agreement are set out as follows:

Date

5 January 2016 (after market close)

Parties

(i) The Company, as the issuer of the Subscription Shares; and

(ii) Beijing Gas (Beijing Gas may, no later than three Business Days before Closing, nominate a wholly-owned subsidiary of Beijing Gas as the subscriber of the Subscription Shares).

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Beijing Gas, its wholly-owned subsidiary (which may be designated as the subscriber no later than three Business Days before Closing) and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and the connected persons (as defined under the Listing Rules) of the Company.

Subscription Shares

The aggregate of 2,155,555,555 Subscription Shares to be allotted and issued to the Investor pursuant to the Share Subscription Agreement represent approximately 35.34% of the total issued Shares as at the date of this announcement; and approximately 26.11% of the total issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company after the date of this announcement and before Closing). The aggregate nominal value of the Subscription Shares is HK$118,555,555.525.

Ranking of Subscription Shares

The Subscription Shares will rank pari passu in all respects and carry all rights similar to the Shares in issue as at the date of this announcement.

Subscription Price

The Subscription Price of HK$0.45 per Subscription Share represents:

(i) a discount of approximately 11.76% to the closing price of HK$0.51 per Share as quoted on the Stock Exchange on 4 January 2016, being the Last Trading Day;

(ii) a discount of approximately 11.76% to the average of the closing prices of HK$0.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

(iii) a discount of approximately 13.29% to the average of the closing prices of HK$0.519 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and Beijing Gas, with reference to, among others, the recent share price performance of the Company and liquidity of the Shares. The Directors (including all the independent non-executive Directors) consider that the Subscription Price and the terms of the Share Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Specific Mandate to allot and issue the Subscription Shares

The Company will seek the approval of the Specific Mandate from the Shareholders at the SGM to allot and issue the Subscription Shares.

Conditions of Subscription

The obligations of the Investor to make the Subscription and of the Company to issue Subscription Shares are subject to the fulfillment of the following conditions:

(a) the listing and dealing of the Subscription Shares on the Stock Exchange being granted and approved by the Listing Committee of the Stock Exchange, and such approval remains effective;

(b) all necessary regulatory approvals, consents, filings and reports (if any) required for the placing (including the Subscription) having been obtained by the Company, and all of which remain effective;

(c) approval in relation to the placing (including the Subscription) and the Specific Mandate having been obtained by the Company from the Shareholders at the SGM;

(d) shareholders' approval having been obtained at the SGM to authorise the Board to appoint two directors nominated by the Investor (one as a non-executive director and co-chairman of the Board, and the other as an executive director), or if such shareholders' approval is not obtained at the SGM, the Board having appointed (by way of causal vacancy) two directors nominated by the Investor (one as a non-executive director and co-chairman of the Board, and the other as an executive director). These two directors' appointment shall take effect upon the completion of the Closing and their term shall be three years and subject to retirement and re-election according to the Articles;

(e) the results of due diligence work with respect to the general status, financial performance and business operation of the Company being reasonably satisfactory to the Investor;

(f) all necessary governmental and regulatory approvals, consents, filings and reports required (including but not limited to those from the relevant commerce authority, foreign exchange regulator and state-owned assets supervisory body of the PRC) for the placing (including the Subscription) having been obtained by the Investor, and all of which remain effective;

(g) all approvals and consents required for the placing (including the Subscription) being obtained by the Investor, including (but not limited to) the approval from its board of directors and (if applicable) the approval from its shareholders at its general meeting;

(h) there having being no material breach of the Share Subscription Agreement by the Company;

(i) the warranties given by the Company (as repeated up to Closing) remain true, complete, accurate and not misleading at Closing;

(j) there being no material adverse change in the Company from the date of the Share Subscription Agreement;

(k) no government or other regulatory authorities or bodies having promulgated or adopted any laws, rules or regulations, and no courts with jurisdiction having made any orders or injunctions that would prohibit completion of the proposed placing and the transactions contemplated thereunder (including the Subscription); and

(l) all the conditions specified in the CB Subscription Agreement having been satisfied or waived according to the terms therein.

Closing

Closing shall take place within ten Business Days after all conditions being satisfied, or shall be on such date ("**Closing Date**") as mutually agreed between the Company and the Investor and at the time and place specified in the written notice to be sent to the Investor by the Company.

At the Closing, the two representatives to be nominated by the Investor shall be approved by the Board to be admitted into the investment committee of the Company (which shall have seven committee members after such admission) and the terms of reference of such investment committee shall be amended to the effect that any investment or expenditure by the Company exceeding RMB300 million will need to be approved by at least six committee members.

Undertakings by the Company

From the date of Share Subscription Agreement to the Closing Date, unless prior written consent of the Investor is obtained, the Company:

(a) shall not change the Group's principal business and shall procure the Group to carry on its principal business during the normal course of business;

(b) shall not change or amend its Bye-laws, except from time to time in accordance with applicable laws;

(c) shall not announce, pay or make any dividend payments or other distributions;

(d) unless otherwise provided in the Share Subscription Agreement in relation to appointment of additional or replacement directors or in compliance with the rules and regulations or the Listing Rules in relation to appointment of replacement directors, shall not appoint any additional or replacement directors to the Board from the date of the Share Subscription Agreement to Closing Date;

(e) shall not implement any mergers, acquisitions (except for the proposed acquisition of Zhejiang Bochen Energy Holding Co., Ltd. as disclosed in the Company's announcement dated 9 December 2015 and the proposed acquisition of Fox Smart Ltd. as disclosed in the Company's announcement dated 11 December 2015), restructuring, or sell all or substantially all of its assets, or agree, arrange or undertake to conduct the same;

(f) shall not set up joint ventures, new companies, or provide any loans, guarantees, mortgages or incur any other liabilities for third parties (unless in the ordinary and usual course of business on normal commercial terms), or agree, arrange or undertake to conduct the same;

(g) shall not issue any equity securities (including but not limited to convertible bonds), or enter into any agreement, arrangement or undertaking to such effect, other than the proposed placing and the allotment of the Subscription Shares and the Conversion Shares and the related transactions as disclosed in this announcement, and (1) the convertible bonds to be issued for the major transaction as specified in the Company's circular dated 2 January 2015; (2) issue of convertible bonds to Templeton Strategic Emerging Markets Fund IV, LDC of HK$15 million as specified in the Company's announcement dated 30 November 2015; (3) potential convertible bonds to be issued in relation to the proposed acquisition of Zhejiang Bochen Energy Holding Co., Ltd. as disclosed in the Company's announcement dated 9 December 2015; (4) the consideration shares to be issued for the proposed acquisition of Fox Smart Ltd. as disclosed in the Company's announcement dated 11 December 2015; and (5) any equity securities to be allotted and issued pursuant to the conversion of all the issued and outstanding convertible securities of the Company and under the existing share option scheme adopted by the Company; and

(h) shall not carry out any share consolidation, subdivision or reclassification of the shares of the Company, or to increase the Company's capital by its profits and reserves.

The Company shall within three months from the Closing Date comply with the requirements on proportion and number of independent non-executive directors by the Listing Rules in manner as agreed by the Investor.

The Company further undertakes to the Investor that it shall within one year from the date of the Share Subscription Agreement that it shall use its best endeavours to cause its subsidiaries to obtain (insofar as the same is not available or does not exist at the date of this announcement) the relevant authorisation or licence or to rectify defects to title, including but not limited to the operation licence and the land use right.

Pre-emptive rights

After the Closing, if the Company proposes to allot and issue, at a price lower than the Subscription Price, shares, convertible or exchangeable securities or any securities with rights to subscribe for new shares of the Company ("**New Securities**", and such issuance of New Securities shall be "**New Securities Issuance**" accordingly) and therefore under any circumstances the Company will receive an initial payment for subscription price of such New Securities lower than the Subscription Price, the Investor shall be entitled to subscribe for such New Securities on a pre-emptive basis.

According to the Share Subscription Agreement, the Company shall notify the Investor about the key terms of the New Securities Issuance and the Investor should notify the Company within 20 Business Days ("**Notification Period**") whether it will proceed with the subscription of the New Securities and the intended amount of subscription. If the Investor does not exercise its pre-emptive right within the Notification Period or only subscribe for part of the New Securities, the Company is entitled to issue the New Securities or New Securities which have not been subscribed for by the Investor to any third party within 60 days on the expiry of the Notification Period. If the Company fails to make such issuance within 60 days on the expiry of the Notification Period, it shall not make such issuance unless the abovementioned procedures relating to pre-emptive rights of the Investor are complied with.

The exercise of the pre-emptive rights by the Investor shall be subject to compliance with the Listing Rules, including, if required, the obtaining of the approval from independent shareholders of the Company.

Termination of the Share Subscription Agreement

The Share Subscription Agreement may be terminated on happening of any of the following:

(a) any of the Conditions of the Subscription at Closing has not been satisfied or waived by Beijing Gas on or prior to the Closing Date, as the case may be;

(b) either party shall be in material breach of any terms of the Share Subscription Agreement;

(c) Beijing Gas shall be entitled to terminate the Share Subscription Agreement if (i) the Shares are suspended from trading on the Stock Exchange by any relevant regulatory authority for ten (10) consecutive trading days (save for any suspension thereof required under the Listing Rules for clearance of announcement or circular to be made by the Company) or when the Shares cease to be listed by the Stock Exchange for any continuous period up to the Closing Date; or (ii) any litigation or claim and the judgment of which will have a material adverse effect on the financial status or operation performance of the Group; or (iii) there exists (or alleged to be) any fraud or misconduct on the part of the Group or any of its members as discovered by any regulatory authority and after judicially determination would result in any censure being taken by any regulatory authority against the Company, any members of the Group or any senior management of the Group and which may have a material adverse effect on

the financial status or operation performance of the Group (taken as a whole); or (iv) any change in the applicable law and which may have a material adverse effect on the financial status or operation performance of the Group; or

(d) the Company and Beijing Gas have mutually agreed to terminate the Share Subscription Agreement.

CB Subscription Agreement

Date

5 January 2016 (after market close)

Parties

(i) the Company; and

(ii) the Investor.

Subscription of the Convertible Bond

Subject to the terms and conditions of the CB Subscription Agreement, the Company agrees to issue and the Investor agrees to, subject to satisfaction of the CB Conditions at Closing, subscribe in cash for the Convertible Bond of an aggregate principal amount of HK$350,000,000.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

CB Conditions at Closing

The obligations of the Investor to subscribe for the Convertible Bond are subject to the following CB Conditions at Closing:

(a) The warranties made by the Company shall be true and correct in all material respect when made, and shall be true, and correct in all material respects as of the date of the Closing with the same force and effect as if they had been made on and as of such date.

(b) The Company shall have performed and complied with in all respects all agreements, obligations and conditions contained in the CB Subscription Agreement and the other transaction documents that are required to be performed or complied with by it on or before the date of the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated thereby at the Closing.

(c) On or prior to the Closing, the Company shall have delivered to the Investor a counterpart of the CB Subscription Agreement and each of the other duly executed transaction documents.

(d) The Company shall have obtained, on or before the Closing Date, as the case may be, any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the CB Subscription Agreement and the other transaction documents.

(e) After the date of the CB Subscription Agreement up to and at the Closing Date, there not have occurred any change (nor any development or event involving a prospective change), in the financial or business condition, prospects, results of operations or general affairs of the Company and the Group taken as a whole, which, in the opinion of the Investor, is material and adverse in the context of the issue of the Convertible Bond. The Company shall deliver an officer's certificate providing confirmation of the foregoing to the Investor on the Closing Date.

(f) The Investor shall have obtained, on or before the Closing Date, all regulatory approval (including without limitation to approval by the relevant commerce authority, foreign exchange regulator and state-owned assets supervisory body) in respect of the subscription of the Convertible Bond.

(g) A legal opinion from the Company's Bermuda counsel opining on the due incorporation, existence and capacity of the Company, the Company's capacity in respect of the entry into the CB Subscription Agreement and the other transaction documents and the performance of its obligations hereunder and thereunder, addressed and acceptable to the Investor and dated the Closing Date.

(h) The Investor is satisfied with the results of its due diligence investigations with respect to the Company and the Group.

(i) All conditions set out in the Share Subscription Agreement having been satisfied or waived in accordance with the terms thereof.

Closing

Closing shall take place within six months from the date of the CB Subscription Agreement or at such other date as the parties may mutually agreed, time and place as the Company and the Investor may mutually agree upon.

Termination of the CB Subscription Agreement

The Investor may, by notice to the Company given at any time prior to payment of the Issue Price, terminate CB Subscription Agreement in any of the following circumstances:

(a) if there shall have come to the notice of the Investor any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the CB Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the CB Subscription Agreement;

(b) if any of the CB Conditions at Closing has not been satisfied or waived by the Investor on or prior to the Closing Date, as the case may be;

(c) if the Closing is not consummated within six (6) months after the date of the CB Subscription Agreement or such extended period as may be mutually agreed by the Company and the Investor; or

(d) if the Company and the Investor have mutually agreed to terminate the CB Subscription Agreement.

Principal Terms of the Convertible Bond

Principal Amount

HK$350,000,000.

Issue Price

100% of the aggregate principal amount of the Convertible Bond.

Form

The Convertible Bond will be issued in registered form.

Status

The Convertible Bond shall constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bond shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.

Maturity Date

The Convertible Bond will mature on the Interest Payment Date falling on or nearest to the third anniversary of the Issue Date.

Interest

The Convertible Bond bears interest from and including the Issue Date and payable every six months in arrears on the Interest Payment Date. The amount of interests shall be calculated by applying the rate of interest of 4.5 per cent. per annum to the outstanding principal amount of such Convertible Bond.

Conversion Price

The conversion price is initially HK$0.45 per Share subject to adjustment in accordance with the CB Conditions.

The Conversion Price represents:

(a) a discount of approximately 11.76% to the closing price of HK$0.51 per Share as quoted on the Stock Exchange on 4 January 2016, being the Last Trading Day;

(b) a discount of approximately 11.76% to the average of the closing prices of HK$0.51 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

(c) a discount of approximately 13.29% to the average of the closing prices of HK$0.519 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the date of signing the CB Subscription Agreement.

The Directors are of the opinion that the Conversion Price for the issuance of the Conversion Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustments to the Conversion Price

The Conversion Price shall be adjusted as provided in each of the following cases:

(a) an alteration of the nominal value of the Shares as a result of consolidation, subdivision or reclassification;

(b) an issue by the Company of Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium account issued);

(c) a capital distribution (including an extraordinary dividend) being made by the Company to the Shareholders;

(d) an offer or grant being made by the Company to all or substantially all Shareholders as a class by way of rights or of options, warrants or other rights to subscribe for or purchase any Shares at a price per Share less than 85% of the market price on the last trading day preceding the date of the announcement of the terms of such issue or grant;

(e) an issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by way of rights, or the grant by way of rights, of any options, warrants or other rights to subscribe for or purchase, any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares);

(f) an issue wholly for cash any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other existing rights of conversion into, or exchange or subscription for, Shares) or an issue or grant (otherwise as mentioned in item (d) above) of options, warrants or other rights to subscribe or purchase Shares at a price per Share less than 85% of the market price on the last trading day preceding the date of announcement of the terms of such issue or grant;

(g) an issue of any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued upon conversion, exchange or subscription at a consideration per Share which is less than 85% of the market price on the last trading day preceding the date of announcement of the terms of issue of such (otherwise as mentioned in items (d), (e) or (f) above);

(h) any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in item (g) above so that the consideration per Share is less than 85% of the market price on the last trading day preceding the date of announcement of the proposed modification;

(i) an issue, sale or distribution of any additional securities for a consideration per Share which is less than 85% of the initial Conversion Price at any time after the Closing in connection with an offer by and on behalf of the Company or any of its subsidiaries or such other company, person or entity (except where the Conversion Price falls to be adjusted under items (d), (e), (f) or (g) above);

(j) any other events where the Company determines that an adjustment should be made to the conversion price as a result of one or more events or circumstances not referred to above.

Conversion Rights

Subject to the terms contained in the Convertible Bond, the bondholder shall have the right to convert (the "**Conversion Right**") all or part of the Convertible Bond held by it into Shares credited as fully paid at any time during the Conversion Period disregarding fractions and rounded down to the nearest whole number of Shares, by dividing the aggregate principal amount of the Convertible Bond to be converted, by the applicable Conversion Price in effect on the relevant Conversion Date.

Conversion Shares

Based on the initial Conversion Price of HK$0.45 per Conversion Share and assuming full conversion of the Convertible Bond, a maximum number of 777,777,777 Conversion Shares will be allotted and issued by the Company, representing approximately 12.75% of the existing issued share capital of the Company*(Note)* as at the date of this announcement; and 11.31% of the issued share capital of the Company as enlarged by the issue of Conversion Shares (assuming that there is no change in the issued share capital of the Company after the date of this announcement and before Closing). No fraction of a Conversion Share shall be issued on conversion and no cash adjustments will be made in respect thereof.

Conversion Period

The bondholder shall be entitled to exercise the Conversion Right attaching to the Convertible Bond during the Conversion Period.

Negative Pledge

So long as any Convertible Bond remains outstanding, the Company will not create or permit to subsist, and the Company will procure that no subsidiary will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest

Note: The Conversion Rights under the Convertible Bond shall only be exercisable so long as the exercise of the Conversion Rights under the Convertible Bond will not result in the holder of the Convertible Bond, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless a waiver is obtained in accordance with the requirement of the Takeovers Code.

upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of, any Relevant Indebtedness unless, at the same time or prior thereto, the Company's obligations under the Convertible Bond (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the bondholder in its absolute discretion shall deem to be not materially less beneficial to the bondholder or as shall be approved by an extraordinary resolution of the bondholder.

Transferability

The Convertible Bond may be transferred without the consent of the Company by delivery of the bond certificate issued in respect of that Convertible Bond, with the form of transfer duly completed and signed.

Redemption on Maturity Date

The principal amount of the Convertible Bond which remains outstanding on the Maturity Date shall be automatically redeemed by the Company on the Maturity Date at a redemption amount in accordance with the following formula:

"Redemption Amount" = the then outstanding principal amount of such Convertible Bond at the time of redemption plus the interest accrued at the compounded rate of 3% per annum for the period from the Issue Date to the date of redemption.

Redemption for Delisting, Suspension of Trading or Change of Control

Each bondholder will have the right, at such bondholder's option, to require the Company to redeem all, but not some only, of such bondholder's Convertible Bond on the relevant event redemption date at a price equal to the Redemption Amount, in the event that (a) when the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding ten consecutive trading days on the Stock Exchange or, if applicable, the Alternative Stock Exchange; or (b) when there is a change of control of the Company pursuant to the terms of the Convertible Bond.

Events of Default

The bondholder may give written notice to the Company that the Convertible Bond are, and they shall immediately become due and payable by the Company at the principal amount together with accrued and unpaid interest if any of the following events occurs and is continuing:

(a) there is a default in the payment of any principal or interest or premium due in respect of the Convertible Bond on the due date for such payment and in the case of interest only, such default continues for a period of more than seven (7) Business Days;

(b) the Company does not perform or comply with one or more of its other warranties, covenants or obligations in the Convertible Bond or the bond instrument which default is incapable of remedy in the opinion of the bondholder or, if capable of remedy is not remedied within thirty (30) days after written notice of such default;

(c) failure by the Company to deliver any Shares as and when such Shares are required to be delivered following conversion of a Convertible Bond;

(d) the Company is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Company;

(e) (i) any other present or future indebtedness (whether actual or contingent) of the Company for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, provided that the aggregate amount of the relevant indebtedness in respect of which one or more of the events mentioned above in this item have occurred exceeds RMB30,000,000 or its equivalent in any other currency or currencies;

(f) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company and is not discharged or stayed within thirty (30) days;

(g) an order of any court of competent jurisdiction is made or an effective resolution is passed for the liquidation, winding-up or dissolution of the Company (other than a voluntary winding-up on a solvent basis), or the Company ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the bondholder;

(h) an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or a material part of the property, assets or turnover of the Company or any of its subsidiaries (as the case may be) and is not discharged within thirty (30) days;

(i) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all of the assets of the Company or any of its subsidiaries;

(j) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bond, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Convertible Bond admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done;

(k) it is or will become unlawful for the Company to perform or comply with anyone or more of its obligations under the Convertible Bond;

(l) the Shares are suspended from trading for more than ten (10) continuous trading days save for any suspension thereof required under the Listing Rules for clearance of announcement or circular to be made by the Company;

(m) the Company or any of its subsidiaries makes any false or misleading representation in respect of the Convertible Bond;

(n) the Company or any of its subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations;

(o) Mr. Cheng Ming Kit no longer directly or indirectly hold more than 10% of the Shares; or

(p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

REASON AND BENEFITS OF THE SUBSCRIPTION FOR SUBSCRIPTION SHARES AND CONVERTIBLE BOND

The Directors are of the view that the Subscription for the Subscription Shares and the Convertible Bond represents a valuable opportunity for the Group to bring in a major shareholder which has extensive experience, strong expertise and a wide business network in the natural gas industry.

Beijing Gas is the largest municipal natural gas supplier in terms of a single city and is in a leading position in terms of pipeline scale, volume of gas customers, annual gas consumption and sales proceeds in the PRC. Beijing Gas possesses numerous valuable resources on natural gas segment, including but not limited to (i) industry expertise; (2) connection and relationship with local gas sources and downstream distribution networks; (3) high-quality and mega-sized natural gas projects in the PRC. The Directors believe that the Group can leverage on the experience, expertise and resources of the Investor and further develop and provide synergy effects to the natural gas business of the Group in the PRC. Therefore, the Directors consider that entering into the Share Subscription Agreement represents a good opportunity to (i) raise substantial capital for the Group while broadening its Shareholders and capital base; (ii) improve the financial position and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunity as and when it arises.

In view of the above, the Board considers that the Share Subscription Agreement and the CB Subscription Agreement are entered into after arm length negotiations between the Company and Beijing Gas on normal commercial terms, and the terms of the Share Subscription Agreement (including the Subscription Price) and the CB Subscription Agreement are fair and reasonable, and are in the interest of the Company and the Shareholders.

PROCEEDS FROM THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the issue of the Subscription Shares pursuant to the Share Subscription Agreement will be approximately HK$970,000,000 and the gross proceeds from the issue of the Convertible Bond pursuant to the CB Subscription Agreement will be approximately HK$350,000,000. The net proceeds from the issue of the Subscription Shares pursuant to the Share Subscription Agreement and the Convertible Bond pursuant to the CB Subscription Agreement, after deduction of all relevant costs and expenses, is estimated to be approximately HK$1,318,000,000. The net Subscription Price, after deduction of all relevant costs and expenses, is estimated to be approximately HK$0.449 per Subscription Share. The net Issue Price, after deduction of all relevant costs and expenses, is estimated to be approximately HK$349,000,000.

The above proceeds are intended to be used to finance the expansion of the natural gas business and replenish the general working capital of the Group.

Effect on Shareholding Structure of the Company

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure in respect of the Shares and the effects on the shareholding structure in respect of the Shares (i) as at the date of this announcement and (ii) immediately after the Closing (assuming that there is no change in the shareholding structure and in the issued share capital of the Company after the date of this announcement and before the Closing), are set out as below for illustration purposes only:

Scenario 1 — shareholding structure of the Company after completion of the Subscription but before the conversion of the Conversion Shares

		As at the date of this announcement		**Immediately after the Closing of the Subscription**	
	Notes	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Directors					
Cheng Ming Kit	*1*	952,195,256	15.61	952,195,256	11.54
Sze Chun Lee	*2*	198,288,480	3.25	198,288,480	2.40
Chung Oi Ling	*3*	206,340,000	3.38	206,340,000	2.50
Kwok Shek San	*4*	7,296,000	0.12	7,296,000	0.09
Hu Xiaoming	*5*	2,640,000	0.04	2,640,000	0.03
The Investor	*6*	—	—	2,155,555,555	26.11
Public		4,732,881,137	77.60	4,732,881,137	57.33
Total		6,099,640,873	100.00	8,255,196,428	100.00

Notes:

1. Mr. Cheng Ming Kit (an executive Director) holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 903,190,256 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit personally holds 49,005,000 Shares.

2. Mr. Sze Chun Lee (an executive Director) holds 43.75% interest in China Print Power Limited and is deemed to be interested in 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 be Flame Capital Limited.

4. Mr. Kwok Shek San is an executive Director and personally holds 7,296,000 Shares.

5. Mr. Hu Xiaoming is an executive Director and personally holds 2,640,000 Shares.

6. As disclosed in the Announcement regarding the Discloseable Transaction, the Company shall issue and allot a total of 337,777,778 new Shares of the Company (at an issue price of HK$0.45 per Share) being the consideration shares to Beijing Gas on completion of the transactions contemplated under the Acquisition Agreement (as defined in the Announcement regarding the Discloseable Transaction). If the transactions contemplated under the Acquisition Agreement consummate and the consideration shares are issued, then (i) the total number of shares of the Company would become 8,592,974,206 Shares; and (ii) the number of Shares, in which Beijing Gas would be beneficially interested, would be increased by 337,777,778 Shares and the total shareholding percentage increased to 29.02%.

Scenario 2 — shareholding structure of the Company after completion of the Subscription and conversion of the Conversion Shares in full (Note 6)

		As at the date of this announcement		**Immediately after the Closing of the Subscription and conversion of the Conversion Shares in full *(Note 6)***	
	Notes	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Directors					
Cheng Ming Kit	*1*	952,195,256	15.61	952,195,256	10.54
Sze Chun Lee	*2*	198,288,480	3.25	198,288,480	2.20
Chung Oi Ling, Stella	*3*	206,340,000	3.38	206,340,000	2.28
Kwok Shek San	*4*	7,296,000	0.12	7,296,000	0.08
Hu Xiaoming	*5*	2,640,000	0.04	2,640,000	0.03
The Investor	*7*	—	—	2,933,333,332	32.47
Public		4,732,881,137	77.60	4,732,881,137	52.40
Total		6,099,640,873	100.00	9,032,974,205	100.00

Notes:

1. Mr. Cheng Ming Kit (an executive Director) holds 100% interest in Grand Powerful Group Limited and is deemed to be interested in 903,190,256 Shares held by Grand Powerful Group Limited. Mr. Cheng Ming Kit personally holds 49,005,000 Shares.

2. Mr. Sze Chun Lee (an executive Director) holds 43.75% interest in China Print Power Limited and is deemed to be interested in 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 be Flame Capital Limited.

4. Mr. Kwok Shek San is an executive Director and personally holds 7,296,000 Shares.

5. Mr. Hu Xiaoming is an executive Director and personally holds 2,640,000 Shares.

6. The figures on shareholding number and percentage are for illustration purposes only. The Conversion Rights under the Convertible Bond shall only be exercisable so long as the exercise of the Conversion Rights under the Convertible Bond will not result in the holder of the Convertible Bond, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless a waiver is obtained in accordance with the requirement of the Takeovers Code.

7. As disclosed in the Announcement regarding the Discloseable Transaction, the Company shall issue and allot a total of 337,777,778 new Shares of the Company (at an issue price of HK$0.45 per Share) being the consideration shares to Beijing Gas on completion of the transactions contemplated under the Acquisition Agreement (as defined in the Announcement regarding the Discloseable Transaction). If the transactions contemplated under the Acquisition Agreement consummate and the consideration shares are issued, then (i) the total number of shares of the Company would become 9,370,751,983 Shares; and (ii) the number of Shares, in which Beijing Gas would be beneficially interested, would be increased by 337,777,778 Shares and the total shareholding percentage increased to 34.91%.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of Proceeds
13 March 2015	Placing of new Shares	Approximately HK$63 million	Intended to be used for financing the expansion of natural gas business of the Company and as general working capital	Approximately HK$60.0 million was used for expansion of natural gas business of the Company and HK$3.0 million was used for general working capital

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of Proceeds
29 May 2015	Placing of new shares	Approximately HK$41.5 million	Intended to be used for expansion of natural gas business of the Group and as the general working capital of the Group	Approximately HK$36.1 million was used for expansion of natural gas business of the Company and HK$5.4 million was used for general working capital
13 August 2015	Issue of convertible bonds	Approximately HK$110 million	Intended to be used for financing the expansion of natural gas business of the Company and as general working capital	Approximately HK$10.3 million was used for expansion of natural gas business of the Company and HK$4.9 million was used for general working capital and the balance of HK$94.8 million to be utilised as proposed
30 November 2015	Issue of convertible bonds	Approximately HK$14.5 million	Intended to be used for financing the expansion of natural gas business of the Company and replenishing general working capital	To be utilised as proposed

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of Proceeds
4 December 2015	Issue of convertible bonds	Approximately HK$190 million	Intended to be used for financing the expansion of natural gas business of the Company and replenishing general working capital	To be utilised as proposed

INFORMATION ABOUT THE GROUP

The Group is 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.

INFORMATION ABOUT THE INVESTOR

Beijing Gas is a limited liability company established in the PRC. Its principal activities include natural gas production and distribution services.

Pursuant to the Share Subscription Agreement, Beijing Gas is entitled to designate a wholly-owned subsidiary as the subscriber no later than three Business Days before Closing to complete the Subscription.

SPECIFIC MANDATE

The Company will seek the approval of the Specific Mandate from the Shareholders at the SGM to allot and issue the Subscription Shares and the Conversion Shares. Application will also be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

THE SGM

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve among other things, the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder (including but not limited to the Specific Mandate).

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholders will be required to abstain from voting at the SGM in respect of the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate).

A circular containing, amongst other things, (i) further information on the Share Subscription Agreement and the CB Subscription Agreement; (ii) the Specific Mandate; and (iii) notice of the SGM and a form of proxy will be dispatched to the Shareholders as soon as practicable. It is estimated that the circular will be despatched to the Shareholder on or before 29 February 2016.

RESUMPTION OF TRADING

Trading in the Shares of the Company on the Stock Exchange was halted from 9:00 a.m. on 6 January 2016 at the request of the Company pending the release of this announcement and the Announcement regarding the Discloseable Transaction by the Company. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares of the Company with effect from 9:00 a.m. on 7 January 2016.

The Shareholders and potential investors should be aware that the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder are subject to the fulfilment of the Conditions, and therefore the proposed issue of the Subscription Shares and the Convertible Bond may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Announcement regarding the Discloseable Transaction"	an announcement dated 6 January 2016 published by the Company in relation to the discloseable transaction, proposed acquisition of interest in Beijing Gas Group (Teng County) Co., Ltd.
"Articles"	the articles of association of the Company as amended from time to time
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Beijing Gas"	Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司), a limited liability company established in the PRC
"Board"	the board of Directors of the Company
"Business Day"	any day (excluding a Saturday, a Sunday and a public holiday) on which banks are open for business in Hong Kong and the PRC
"CB Conditions"	the conditions of the subscription for the Convertible Bond

"CB Subscription Agreement"	the conditional subscription agreement dated 5 January 2016 entered into between the Company and the Beijing Gas relating to the subscription of the Convertible Bond by the Investor and the issue of the Convertible Bond by the Company
"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)
"Closing"	completion of the Subscription and subscription for the Convertible Bond in accordance with the terms of the Share Subscription Agreement and the CB Subscription Agreement
"Conditions"	the conditions of Subscription
"Conversion Period"	any time after the Issue Date up to the close of business on the Maturity Date or, if notice requiring redemption has been given by a bondholder, then up to the close of business on the day prior to the giving of such notice
"Conversion Price"	price per Share at which Shares will be issued upon exercise of the Conversion Rights, such price initially being HK$0.45 per Share, but subject to adjustment in accordance with the terms of the bond instrument
"Conversion Share(s)"	the Share(s) which may fall to be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bond
"Convertible Bond"	each convertible bond issued pursuant to the CB Subscription Agreement which shall be in the principal amount stated on the certificate for such Convertible Bond, and where the context so requires, the Convertible Bond
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Interest Payment Date"	every six months in arrears on 30 June and 31 December in each year commencing from 30 June 2016
"Investor"	Beijing Gas or its designated wholly-owned subsidiary
"Issue Date"	the date of the instrument of the Convertible Bond

"Issue Price"	the price equivalent to 100% of the aggregate principal amount of the Convertible Bond at which the Convertible Bond shall be subscribed
"Last Trading Day"	4 January 2016, being the last trading day preceding the signing of the Share Subscription Agreement
"Listing Committee"	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
"Listing Rules"	the Rules Governing the Listing of Securities on theStock Exchange
"Maturity Date"	Interest Payment Date falling on or nearest to the third anniversary of the Issue Date
"PRC"	the People's Republic of China excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China for the purpose of this announcement
"Relevant Indebtedness"	any present or future indebtedness in the form of, or represented by debentures, loan stock, bonds, notes, bear participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market during the Conversion Period (whether or not initially distributed by way of private placement)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened to approve, among other things, the Share Subscription Agreement and the CB Subscription Agreement and the transactions contemplated thereunder respectively (including but not limited to the Specific Mandate)
"Share(s)"	the share(s) of HK$0.055 each in the share capital of the Company
"Share Subscription Agreement"	the agreement dated 5 January 2016 entered into between the Company and Beijing Gas in relation to the Subscription
"Shareholder(s)"	holder(s) of Share(s)

"Specific Mandate"	a specific mandate to be sought from the Shareholders at the SGM to authorise the Directors to allot and issue (i) the Subscription Shares pursuant to the Share Subscription Agreement and (ii) the Conversion Shares pursuant to the CB Subscription Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of Shares pursuant to the Share Subscription Agreement
"Subscription Price"	the subscription price of HK$0.45 per Subscription Share
"Subscription Share(s)"	2,155,555,555 Shares to be subscribed by the Investor pursuant to the Share Subscription Agreement
"Takeovers Code"	The Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 6 January 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 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.