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天倫燃气
TIANLUN GAS

Tian Lun Gas Holdings Limited

天倫燃气控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1600)

VOLUNTARY ANNOUNCEMENT
NEW DEVELOPMENT STRATEGY OUTLINE
AND
ENTERING INTO OF A STRATEGIC COOPERATION AGREEMENT WITH
SPIC HENAN ELECTRIC POWER COMPANY

This announcement is made by Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

(A) TIAN LUN GAS’S NEW DEVELOPMENT STRATEGY OUTLINE

Any forward-looking statements and expectations concerning the Company’s future development plans and goals in this outline are the development strategies and goals formulated based on the current conditions. These statements and expectations do not constitute any commitments made by the Company to its shareholders and potential investors. Shareholders and potential investors are reminded to be aware of the investment risks and to exercise caution when dealing in the shares of the Company.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has recently formulated the Company’s development strategy plans and goals for the next three years (2022-2024) based on the current conditions and development trends of the energy industry. The new development strategy outline is as follows:

Since its establishment, the Company has focused on the development of urban gas business, adhered to green and high-quality development, and continued to provide users with safe and economical natural gas products and services. In order to conform to the market trends and assist in China's carbon peak and carbon neutral goals, the Group intends to develop the main business of urban gas with high quality, while further expanding and innovating low-carbon energy business to become China's first-class supplier and service provider for green low-carbon energy.

I. Strategic Positioning

Through business expansion and innovation with gas business as the core, the Company will provide users with low-carbon, economical, safe and convenient energy services, aiming to become China's first-class supplier and service provider for green low-carbon energy.

II. Corporate Vision

Commit to the cause of people's livelihood, strive to become a centennial brand.

III. Objective and Mission

Develop clean energies, improve the living environment.

IV. Strategic Path

1. *High-quality endogenous growth in gas business*

The Company strives to explore industrial and commercial users by being user-centric to strengthen continuous and deep understanding of users' energy needs and characteristics. Through adopting flexible pricing policies, providing users with low-carbon integrated energy services, energy-saving services, and other methods, it will be able to reduce costs, increase efficiency, reduce carbon emissions, increase customer stickiness, and widen the user base. Meanwhile, key measures such as increasing clean heating for residents, educating township users in consuming gas, and expanding business to industrial parks and surrounding townships will accelerate the growth of individual households and total gas consumption for existing projects. In terms of gas source optimisation, various measures such as strengthening upstream cooperation, achieving pipeline interconnection, and reinforcing deployment of gas storage will enhance the competitiveness of gas sources and boost the high-quality endogenous growth of the gas business.

2. *High-quality mergers and acquisitions in gas business*

Since its listing in 2010, the Company has increased the number of urban projects from three projects at the time of listing to 69 projects as of 30 June 2021 through high-quality and efficient mergers and acquisitions. The Company will seize important integration opportunities derived from the industry in the next few years, take advantage of Tian Lun Gas's high-quality and efficient mergers and acquisitions, and focus on key areas (neighbouring regions of provincial capitals, industrial transfer, areas for upgrading natural gas consumption, and gas source production and gathering areas), to obtain high-quality projects (with a high proportion of gas sales profits, a high proportion of industrial and commercial users, and great development potential), thereby achieving regional synergy. Meanwhile, the Company will optimise the investment management mechanism and mobilize all involving parties to facilitate high-quality mergers and acquisitions of the gas business.

3. *Strengthening the promotion of innovative business development*

The Company plans to strengthen innovative business development in the next three years, and such revenue is expected to account for 10% of the Group's overall revenue by 2024. In terms of low-carbon energy services, we will customize our promotion on natural gas, photovoltaics, wind energy, geothermal energy, biomass energy, energy storage, hydrogen energy and others in a flexible manner depending on the different energy needs of urban and township users as well as resource quality so as to cater for the locals. In terms of safety and health services, in response to different consumption needs and consumption habits of the users from both cities and townships, the combination of self-owned brands and cross-industry alliances is cultivated to provide users with gas safety value-added services, smart manufacturing of safe and healthy products and living services, etc., thereby improving customer conversion rate and ARPU value (average income per household), and increasing customer stickiness.

4. *High-quality enhancement in revenue and profit scale*

Through achieving the endogenous exploration of gas stock business as well as high-quality extensional mergers and acquisitions, the Company expects to achieve the goal of not less than 25% annual compound growth in overall retail gas sales in the next three years (2022-2024). Meanwhile, achieving a rapid increase in the proportion of revenue from gas sales, value-added services and innovative businesses is able to boost the Company's sustainable development.

5. *Improving safety management standards and ESG*

With the growth being guaranteed, the Company will continue to enhance safety management, improve the safety structure of Business Division and its member companies, strengthen the safe operation of equipment, optimise the production environment, and strengthen management methods and safety promotion. Meanwhile, the Company plans to continuously implement comprehensive improvement plans for environmental protection, social responsibility and corporate governance (ESG), in order to strengthen the implementation of core development concept in relation to sustainable development as well as fully deploy its business characteristics (i.e. environmental protection), demonstrating full support to the United Nations Sustainable Development Goals. In terms of operation, we actively implement the action plans for “carbon peak” and “carbon neutrality”, and offer long-term commitment to support and achieve sustainable development goals in development strategies and business operations, as well as promote the high-quality development of the Company.

(B) ENTERING INTO OF A STRATEGIC COOPERATION AGREEMENT WITH SPIC HENAN ELECTRIC POWER COMPANY

The board of directors of the Company is pleased to announce that on 26 November 2021, the Company and the SPIC Henan Electric Power Co., Ltd. (“**SPIC Henan**”) entered into a strategic cooperation agreement. The main contents of the strategic cooperation agreement are set out as follows:

(I) Purpose of Cooperation

The two parties agree to promote the national dual-carbon policy, rural revitalization, common prosperity and the ecological protection and high-quality development in the Yellow River Basin on the premise of fulfilling their respective development concepts, and to coordinate their respective advantageous resources to jointly focus on the fields of green and low-carbon energy, green and low-carbon industry, green and low-carbon urban and rural construction, green and low-carbon transportation, and circular development of industrial parks. The two parties will create a win-win and sustainable strategic partnership.

(II) Cooperation Goals

Through resource sharing and complementary advantages, the two parties will enhance their core competitiveness, provide multi-category smart energy services to more end customers, and create more social benefits and commercial value.

(III) Cooperation Contents

1. *Green and Low-Carbon Energy*

Integrating the photovoltaic resources available to both parties, the two parties will jointly develop, construct, and operate various photovoltaic projects, making full use of their respective investment, financing and operational advantages in the field of clean energy, and strengthening resource integration and optimal allocation. Combing the “14th Five-Year Plan” and the county-wide photovoltaic promotion policy, the two parties will select suitable areas (including but not limited to Henan, Gansu, Shaanxi, Yunnan) to carry out various development projects, such as county-wide rooftop distributed photovoltaic, industrial and commercial distributed photovoltaic, household photovoltaic, agricultural photovoltaic, wind power, energy storage and biomass gas, demonstrating the comprehensive application of multiple energy sources with innovation, and creating a new energy system based on clean energy.

2. *Green and Low-Carbon Industry*

Based on their own technological advantages and market resource advantages, the two parties will jointly carry out the development of smart energy and energy-saving transformation projects, especially in the energy-intensive industries, such as the petroleum, coal and other fuel processing industries, chemical raw materials and chemical products manufacturing industries, non-metallic mineral products industry, ferrous metal smelting and rolling processing industry, and non-ferrous metal smelting and rolling processing industry.

3. *Green and Low-Carbon Urban and Rural Construction*

The two parties will deepen the application of clean energy in buildings and jointly promote the integrated market application of photovoltaic power generation and building energy supply. The two parties will jointly develop clean heating projects and choose clean and low-carbon heating methods such as residual heating, biomass energy, geothermal energy, solar energy, and gas-air source heat pumps according to the local conditions. The Company will cooperate with SPIC to actively promote the construction of smart energy cities, the construction of the clean energy exemplary counties, and the rural energy revolution pilot projects. The Company will use its rich natural gas market advantages and experience in development, construction and operation to jointly improve the design and optimization of the plan, and will execute the exemplary projects of the rural energy revolution and smart energy city with distributed, renewable and intelligentized approaches.

4. *Green and Low-Carbon Transportation*

SPIC will exert its advantage in hydrogen energy technology. The Company, based on its existing gas filling stations, will use the “hydrogen energy exemplary city” as an opportunity to upgrade the energy supply of its existing gas filling stations. At the same time, with the help of photovoltaic technology, the gas filling station will be transformed into a smart charging station integrating light, storage, charging and parking, which promotes the green development of urban transportation.

5. *Circular Development of Industrial Parks*

The two parties will give priority to the circular development of the industrial parks in the Company’s business area, which promotes the comprehensive utilization of waste and energy cascade utilization, and the reuse of residual industrial heat, waste gas, waste liquid and waste residue. The two parties will focus on typical integrated smart energy application scenarios such as smart towns, smart parks, and smart buildings, and jointly develop and construct comprehensive smart energy projects in industrial parks, universities, transportation hubs, hospitals, etc., so as to create a “smart, green, low-carbon, and efficient” exemplary base for comprehensive energy service.

INFORMATION ON SPIC HENAN

SPIC Henan Electric Power Co., Ltd. is a wholly-owned subsidiary of State Power Investment Corporation Limited. The installed capacity of SPIC Henan Electric Power reaches 9.7357 million kW, and the installed capacity of clean energy exceeds 2.9187 million kW, accounting for 30% of the total installed capacity. The total annual power generation exceeds 30 billion kWh, and it is the most promising comprehensive energy supplier in Henan Province. The businesses of SPIC Henan involve electric power, heat, coal, power station service and other fields, forming an integrated comprehensive energy supply system comprising green coal power, clean gas power, wind power, photovoltaic power, and civil heating. SPIC Henan is capable of providing integrated energy solutions for electricity, heat, cooling, gas and water, and has undertaken the regional centralized heating in Xinxiang, Pingdingshan, Nanyang, Kaifeng and other cities, with an annual heating capacity of more than 12 million GJ. In recent years, SPIC has vigorously promoted the development of new industries, new business forms and new models, and provided users with integrated energy solutions, so as to pursue the coordinated supply of multiple types of energy such as electricity, heat, cooling, gas, water, and hydrogen, optimize the vertical interaction between the “source, network, load, storage and use”, and build a comprehensive smart energy ecosystem.

REASONS AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT

The Board believes that under the context of the “dual carbon” goals advocated by the PRC government (i.e. reach the peak of carbon emissions before 2030 and achieve carbon neutrality before 2060), it is imperative to adjust the energy structure and promote low-carbon and zero-carbon energy. SPIC is an important clean energy provider and the most promising integrated energy supplier in Henan, and Tian Lun Gas has accumulated a large number of users in Henan and 16 other provinces across the country via nearly two decades of gas operation. Through resource sharing and complementary advantages, the two parties will enhance their core competitiveness and provide multi-category smart energy services to more end customers. Therefore, the Directors believe that it is in the interest of the Company and its shareholders as a whole. The Company will publish further announcements in due course to inform shareholders of the latest development.

By order of the Board
Tian Lun Gas Holdings Limited
Zhang Yingcen
Chairman

Zhengzhou, the PRC, 29 November 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Ms. Qin Ling, Mr. Liu Min and Ms. Li Tao; the non-executive Director is Ms. Chen Hong; and the independent non-executive Directors are Mr. Liu Jin, Mr. Li Liuqing, Ms. Zhao Jun and Ms. Ouyaqun.