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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)**

**DISCLOSEABLE TRANSACTIONS**  
**TOTAL RETURN SWAP**

References are made to the announcements of the Company dated 15 May 2022 and 13 April 2023 (the “**Announcements**”) in relation to the total return swap transactions. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 30 January 2024, the Company entered into another total return swap transaction with the TRS Counterparty (the “**Third TRS Transaction**”, together with the Extended TRS Transaction and the Second TRS Transaction, the “**TRS Transactions**”). The maximum Equity Notional Amount of the Third TRS Transaction is HK\$100 million.

Since the Third TRS Agreement is entered into within 12 months after the Extended TRS Transaction and the Second TRS Transaction, the Third TRS Transaction shall be aggregated together with the Extended TRS Transaction and the Second TRS Transaction pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Third TRS Transaction when aggregated with the Extended TRS Transaction and the Second TRS Transaction which were conducted within 12 months of the Third TRS Transaction, exceeds 5% but less than 25%, the TRS Transactions constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## THE PRINCIPAL TERMS OF THE THIRD TRS TRANSACTION

A summary of the principal terms of the Third TRS Transaction is set out as follows:

Trade Date:	30 January 2024
Parties:	The Company and the TRS Counterparty
Initial Hedge Period:	The period from the Trade Date to the date which is up to three months after the Trade Date.
Effective Date:	The day immediately following the end of the Initial Hedge Period.
Equity Notional Amount:	The product of the Initial Price and the number of Shares acquired by the TRS Counterparty during the Initial Hedge Period, subject to a maximum of HKD100,000,000.
Equity Amount Payer:	The TRS Counterparty
Fixed Amount Payer:	The Company
Payment to be made by the Company to the TRS Counterparty:	The Company is required to make an initial payment of HK\$25 million to the TRS Counterparty on the Trade Date and three further payments of HK\$25 million each to the TRS Counterparty on or around the 2nd month, 3rd month and 4th month after the Trade Date, respectively, as well as a payment of HK\$2 million each to the TRS Counterparty on the Effective Date and 12 calendar months after the Effective Date.
Indemnity:	Not exceeding HKD105 million in aggregate, incurred in connection with the TRS Counterparty or any other hedging party acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedge positions as a result of any conditions precedent or conditions subsequent not being satisfied by the relevant time.
Averaging Period:	The period beginning on the date falling 24 calendar months after the Effective Date (both dates inclusive).

Payment to be received by the Company from the TRS Counterparty: Provided that no early termination occurred, at the end of the Averaging Period, the TRS Counterparty will pay to the Company:

- all dividends in respect of the hedged Shares received during the term of the Third TRS Transaction, subject to adjustment for those received during the Averaging Period;
- HKD100,000,000 paid by the Company to the TRS Counterparty pursuant to the Third TRS Transaction, plus or minus the amount being the positive or negative difference in the Final Price and Initial Price, i.e.  $\text{Equity Notional Amount} \times (\text{Final Price} - \text{Initial Price}) / \text{Initial Price}$ .

Settlement: Payments will be made in Hong Kong Dollars.

Scheduled Termination Date: The date falling 28 calendar months after the Effective Date, except if that date is not a scheduled trading day the Scheduled Termination Date shall be the next following day that is a scheduled trading day.

Termination Date: The earlier to occur of (i) the Scheduled Termination Date, (ii) the Averaging Period end date, (iii) the date on which this Third TRS Transaction is terminated pursuant to the relevant provision of the transaction document, and (iv) any date agreed in writing by the Parties to be the Termination Date.

## **THE PRINCIPAL TERMS OF THE EXTENDED TRS TRANSACTION**

A summary of the principal terms of the Extended TRS Transaction is set out as follows:

Trade Date: 11 April 2023

Parties: The Company and the TRS Counterparty

Initial Hedge Period: The period from the Effective Date to the date which is up to three months after the Effective Date.

Effective Date: The day immediately following the end of the Initial Hedge Period.

Equity Notional Amount: The product of the Initial Price and the number of Shares acquired by the TRS Counterparty during the Initial Hedge Period, subject to a maximum of HKD100,000,000.

Equity Amount Payer: The TRS Counterparty

Floating Amount Payer: The Company

Payment made by the Company to the TRS Counterparty: The Company has made an initial payment of HK\$60,000,000 to the TRS Counterparty. The floating amount payable by the Company is calculated by the Equity Notional Amount at the Effective Date at HIBOR plus 8.5% and settled on a monthly basis.

Margin Calls: If the Share price is equal to or greater than Trigger Level 1, 40%. If the Share price is less than Trigger Level 1, the ratio determined below. Reference price (the “**Reference Price**”) is the accrued initial hedge price on the Effective Date.

Trigger Level 1	80% of the Reference Price.
	The maximum leverage ratio if the Share price is less than Trigger Level 1 (but not Trigger Level 2) will be 26%.
Trigger Level 2	60% of the Reference Price.
	The maximum leverage ratio if the Share price is less than Trigger Level 2 (but not Trigger Level 3) will be 16%.
Trigger Level 3	40% of the Reference Price.
	The Maximum Leverage Ratio if the Share Price is less than Trigger Level 3 will be 8%.

Indemnity: Not exceeding HKD105 million in aggregate, incurred in connection with the TRS Counterparty or any other hedging party acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedge positions as a result of any conditions precedent or conditions subsequent not being satisfied by the relevant time.

Averaging Period: The period beginning on the date falling 12 months after 11 April 2023 (both dates inclusive).

Payment to be received by the Company from the TRS Counterparty: Provided that no early termination and margin call event occurred, at the end of the Averaging Period, the TRS Counterparty will pay to the Company:

- all dividends in respect of the hedged Shares received during the term of the Extended TRS Transaction, subject to adjustment for those received during the Averaging Period;
- the aggregate of the payments made by the Company to the TRS Counterparty pursuant to the Extended TRS Transaction, plus or minus the amount being the positive or negative difference in the Final Price and Initial Price, i.e.  $\text{Equity Notional Amount} \times (\text{Final Price} - \text{Initial Price}) / \text{Initial Price}$

Settlement: Payments will be made in Hong Kong Dollars.

Scheduled Termination Date: The date falling 15 months after 11 April 2023, except if that date is not a scheduled trading day the Scheduled Termination Date shall be the next following day that is a scheduled trading day.

Termination Date: The earlier to occur of (i) the Scheduled Termination Date, (ii) the Averaging Period end date, (iii) the date on which the Extended TRS Transaction is terminated pursuant to the relevant provision of the transaction document, and (iv) any date agreed in writing by the Parties to be the Termination Date.

## **THE PRINCIPAL TERMS OF THE SECOND TRS TRANSACTION**

A summary of the principal terms of the Second TRS Transaction is set out as follows:

Trade Date: 11 April 2023

Parties: The Company and the TRS Counterparty

Initial Hedge Period: The period from the Effective Date to the date which is up to three months after the Effective Date.

Effective Date: The day immediately following the end of the Initial Hedge Period.

Equity Notional Amount: The product of the Initial Price and the number of Shares acquired by the TRS Counterparty during the Initial Hedge Period, subject to a maximum of HKD100,000,000.

Equity Amount Payer: The TRS Counterparty

Floating Amount Payer:	The Company												
Payment made by the Company to the TRS Counterparty:	The Company has made an initial payment of HK\$60,000,000 to the TRS Counterparty. The floating amount payable by the Company is calculated by the Equity Notional Amount at the Effective Date at HIBOR plus 8.5% and settled on a monthly basis.												
Margin Calls:	If the Share price is equal to or greater than Trigger Level 1, 40%. If the Share price is less than Trigger Level 1, the ratio determined below. Reference price (the “ <b>Reference Price</b> ”) is the accrued initial hedge price on the Effective Date.												
	<table> <tr> <td>Trigger Level 1</td> <td>80% of the Reference Price.</td> </tr> <tr> <td></td> <td>The maximum leverage ratio if the Share price is less than Trigger Level 1 (but not Trigger Level 2) will be 26%.</td> </tr> <tr> <td>Trigger Level 2</td> <td>60% of the Reference Price.</td> </tr> <tr> <td></td> <td>The maximum leverage ratio if the Share price is less than Trigger Level 2 (but not Trigger Level 3) will be 16%.</td> </tr> <tr> <td>Trigger Level 3</td> <td>40% of the Reference Price.</td> </tr> <tr> <td></td> <td>The Maximum Leverage Ratio if the Share Price is less than Trigger Level 3 will be 8%.</td> </tr> </table>	Trigger Level 1	80% of the Reference Price.		The maximum leverage ratio if the Share price is less than Trigger Level 1 (but not Trigger Level 2) will be 26%.	Trigger Level 2	60% of the Reference Price.		The maximum leverage ratio if the Share price is less than Trigger Level 2 (but not Trigger Level 3) will be 16%.	Trigger Level 3	40% of the Reference Price.		The Maximum Leverage Ratio if the Share Price is less than Trigger Level 3 will be 8%.
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Indemnity:	Not exceeding HKD105 million in aggregate, incurred in connection with the TRS Counterparty or any other hedging party acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedge positions as a result of any conditions precedent or conditions subsequent not being satisfied by the relevant time.												
Averaging Period:	The period beginning on the date falling 12 months after the Effective Date (both dates inclusive)												

Payment to be received by the Company from the TRS Counterparty: Provided that no early termination and margin call event occurred, at the end of the Averaging Period, the TRS Counterparty will pay to the Company:

- all dividends in respect of the Hedged Shares received during the term of the Second TRS Transaction, subject to adjustment for those received during the Averaging Period;
- the aggregate of the payments made by the Company to the TRS Counterparty pursuant to the Second TRS Transaction, plus or minus the amount being the positive or negative difference in the Final Price and Initial Price, i.e.  $\text{Equity Notional Amount} \times (\text{Final Price} - \text{Initial Price}) / \text{Initial Price}$

Settlement: Payments will be made in Hong Kong Dollars.

Scheduled Termination Date: The date falling 15 months after the Effective Date, except if that date is not a scheduled trading day the Scheduled Termination Date shall be the next following day that is a scheduled trading day.

Termination Date: The earlier to occur of (i) the Scheduled Termination Date, (ii) the Averaging Period end date, (iii) the date on which the Second TRS Transaction is terminated pursuant to the relevant provision of the transaction document, and (iv) any date agreed in writing by the Parties to be the Termination Date.

Under the TRS Transactions, the TRS Counterparty has no obligation to purchase any Shares and the Company has no right to direct the TRS Counterparty to purchase any Shares or enter into any hedge positions.

The Initial Price will be determined by the TRS Counterparty based on the volume weighted average price at which a hypothetical broker dealer would be able to execute its hedge positions during an Initial Hedge Period, with some adjustments as agreed under the terms of the TRS Transactions, including, without limitation, a limit on the price at which the hypothetical broker dealer would execute its hedge positions (being HK\$8.5 per Share). It is therefore possible that, depending on the movements of the price of the Shares during the Initial Hedge Period, the number of Shares underlying and the Equity Notional Amount of the TRS Transaction might be significantly less than the maximum number of underlying Shares and the maximum equity notional amount, respectively. The Final Price will be determined by the TRS Counterparty based on the volume weighted average price at which a hypothetical broker dealer would be able to unwind its hedge positions during a final hedge period.

## **Reasons for and benefits of the TRS Transactions**

The Company entered into the TRS Transactions in accordance with the relevant terms, in a bid to hedge the risk of increasing cost of acquiring the Shares caused by the Company's future Share price appreciation. The Company has established a trust for the share award scheme, and the Board believes that entering into the TRS Transactions in accordance with the relevant terms may hedge the risk of increasing price faced by the Company in the acquisition of the Shares under the scheme or for other matters in the future.

On the basis of the above and having regard to all relevant factors and considerations, the Directors are of the view that the terms of the TRS Transactions are fair and reasonable and the entering into of the TRS Transactions on such terms is in the interests of the Company, the Group and the Shareholders as a whole.

## **INFORMATION RELATING TO THE TRS COUNTERPARTY**

Hantec Securities Co., Limited, a licensed corporation for carrying on type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the TRS Counterparty is a third party independent of the Company and is not a connected person of the Company.

## **INFORMATION RELATING TO THE GROUP**

The Group is principally engaged in the engineering construction service by providing residential, commercial and industrial users with gas pipeline and infrastructure laying and installation and transportation, distribution and sales of gases including natural gas and compressed natural gas (CNG) and production and sales of liquefied natural gas (LNG) in bulk and in cylinders in certain cities of the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Third TRS Transaction when aggregated with the Extended TRS Transaction and the Second TRS Transaction which were conducted within 12 months of the Third TRS Transaction, exceeds 5% but less than 25%, the TRS Transactions constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expression shall have the following meaning when used herein:

“Final Price”	a volume weighted average of the relevant prices and daily number of sold hedge Shares determined for each averaging date
“Initial Price”	a volume weighted average price per Share as determined using the hedge share price and daily number of purchased hedge shares during the Initial Hedge Period

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

Zhengzhou, the PRC, 30 January 2024

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Mr. Liu Min and Ms. Li Tao; the non-executive Directors are Ms. Chen Hong and Mr. Zhang Daoyuan; and the independent non-executive Directors are Mr. Li Liuqing, Ms. Ou Yaqun, Mr. Lei Chunyong and Ms. Zhou Lin.*