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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)

(1) CONNECTED TRANSACTIONS IN RELATION TO PROPERTY LEASE AGREEMENTS; AND (2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROPERTY MANAGEMENT SERVICE AGREEMENTS

PROPERTY LEASE AGREEMENTS

On 15 January 2025, Henan Tianlun, a subsidiary of the Company, entered into a lease agreement with Tianlun Education for the lease of the property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC for use as the offices of Henan Tianlun and its subsidiaries.

On 15 January 2025, Henan Shoukai, a subsidiary of the Company, entered into a lease agreement with Tianlun Education for the lease of the property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC for use as the offices of Henan Shoukai and its subsidiaries.

PROPERTY MANAGEMENT SERVICE AGREEMENTS

On 15 January 2025, Henan Tianlun entered into a property management service agreement with Xintianlun Property Management, pursuant to which, Xintianlun Property Management agreed to provide property management services to the property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC for a term of three years.

On 15 January 2025, Henan Shoukai entered into a property management service agreement with Xintianlun Property Management, pursuant to which, Xintianlun Property Management agreed to provide property management services to the property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC for a term of three years.

LISTING RULES IMPLICATIONS

Mr. Zhang is an executive Director and a controlling shareholder of the Company and thus a connected person of the Company. Mr. Zhang Daoyuan, the son of Mr. Zhang, is a non-executive Director and a controlling shareholder of the Company, thus also a connected person of the Company. As at the date of this announcement, the equity interest of Tianlun Education is indirectly owned as to 50% by Mr. Zhang, 25% by Ms. Sun Yanxi (spouse of Mr. Zhang), and 25% by Mr. Zhang Daoyuan. Therefore, Tianlun Education is an associate of Mr. Zhang and Mr. Zhang Daoyuan and thus a connected person of the Company. In accordance with HKFRS 16 applicable to the Company, the rental transactions contemplated under the Property Lease Agreements are recognised as acquisition of right-of-use assets. The rental transactions constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the relevant applicable percentage ratios exceed 0.1% but all are less than 5%, the transactions contemplated under the Property Lease Agreements are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the equity interest of Xintianlun Property Management is indirectly owned as to 100% by Mr. Zhang Daoyuan. Therefore, Xintianlun Property Management is an associate of Mr. Zhang and Mr. Zhang Daoyuan and thus a connected person of the Company, the Property Management Service Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the relevant applicable percentage ratios, on an annual basis, exceed 0.1% but all are less than 5%, the transactions contemplated under the Property Management Service Agreements are subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROPERTY LEASE AGREEMENTS

The principal terms of the Property Lease Agreement I are set out as follows:

Date : 15 January 2025

Parties : (1) Tianlun Education, as lessor; and
(2) Henan Tianlun, as tenant.

Property	:	The property is located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC with a gross floor area of 5,606 sq.m.
Term	:	From 15 January 2025 to 14 January 2028.
Rent	:	The rent payable by Henan Tianlun is RMB3,710,000 per annum (exclusive of property management fees, utilities fees, network fees and landscape maintenance fee, which shall be borne by Henan Tianlun).
Use	:	The Property may be used as office only.

The principal terms of the Property Lease Agreement II are set out as follows:

Date	:	15 January 2025
Parties	:	(1) Tianlun Education, as lessor; and (2) Henan Shoukai, as tenant.
Property	:	The property is located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC with a gross floor area of 1,193 sq.m.
Term	:	From 15 January 2025 to 14 January 2028.
Rent	:	The rent payable by Henan Shoukai is RMB790,000 per annum (exclusive of property management fees, utilities fees, network fees and landscape maintenance fee, which shall be borne by Henan Shoukai).
Use	:	The Property may be used as office only.

VALUE OF THE RIGHT-OF-USE ASSETS

The total value of the right-of-use asset to be recognised by the Group in respect of the lease of the property under the Property Lease Agreements are approximately RMB12.8 million which is the present value of aggregated lease payments to be made under the Property Lease Agreements in accordance with HKFRS 16 “Leases”.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASE AGREEMENTS

The terms of the Property Lease Agreements, including the rental payable by the Group, are arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rental of comparable properties in the area where the Property is situated.

The Board, including all the independent non-executive Directors, are of the view that the transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Property Lease Agreements and the transactions contemplated thereunder have been considered and approved by the Board. Except for Mr. Zhang and Mr. Zhang Daoyuan, none of the Directors has material interest in the transactions under the Property Lease Agreements or were required to abstain from voting on the Board resolutions of the Company approving the same.

PROPERTY MANAGEMENT SERVICE AGREEMENTS

The principal terms of the Property Management Service Agreement I are set out as follows:

Date	:	15 January 2025
Parties	:	(1) Xintianlun Property Management; and (2) Henan Tianlun.
Subject Matter	:	Xintianlun Property Management provides the property management services for the property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC, which includes cleaning and maintenance of common areas, greening and building maintenance, security services, central air conditioning operation service, canteen management service, parking space management service, maintenance and management of common facilities and fire safety control.
Term	:	From 15 January 2025 to 14 January 2028.
Service Fee	:	The property service fee under the Property Management Service Agreement I shall be RMB3,220,000 per annum.

The principal terms of the Property Management Service Agreement II are set out as follows:

Date	:	15 January 2025
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Parties : (1) Xintianlun Property Management; and

(2) Henan Shoukai.

Subject Matter : Xintianlun Property Management provides the property management services for the property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC, which includes cleaning and maintenance of common areas, greening and building maintenance, security services, central air conditioning operation service, canteen management service, parking space management service, maintenance and management of common facilities and fire safety control.

Term : From 15 January 2025 to 14 January 2028.

Service Fee : The property service fee under the Property Management Service Agreement II shall be RMB680,000 per annum.

ANNUAL CAPS AND BASIS OF DETERMINATION

The table below sets out the annual caps for the transactions contemplated under the Property Management Service Agreements:

	Property Management Service Agreement I	Property Management Service Agreement II	Total
Year 1 (from 15 January 2025 to 14 January 2026):	RMB3,220,000	RMB680,000	RMB3,900,000
Year 2 (from 15 January 2026 to 14 January 2027):	RMB3,220,000	RMB680,000	RMB3,900,000
Year 3 (from 15 January 2027 to 14 January 2028):	RMB3,220,000	RMB680,000	RMB3,900,000

The proposed annual caps for the transactions contemplated under the Property Management Service Agreements were determined with reference to the market service fee rates, the staff salary level in Zhengzhou area and the market prices for similar services, as well as the normal commercial terms in the ordinary and usual course of business, and shall be no less favourable than those for provision of similar services by Independent Third Parties.

INTERNAL CONTROL MEASURES FOR PROPERTY MANAGEMENT SERVICE AGREEMENTS

In order to ensure the terms of Property Management Service Agreements are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no less favorable than those offered to the Group by Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the legal department and finance department of the Company will closely monitor the transactions under the Property Management Service Agreements to ensure that the transaction amounts will not exceed the annual caps for the Property Management Service Agreements;
- (ii) the legal department of the Company will conduct regular checks to review and assess whether the transactions contemplated under Property Management Service Agreements are conducted on normal commercial terms, in accordance with the terms set out in the Property Management Service Agreements and whether the service fees and relevant contract terms are in the interest of the Company and the Shareholders as a whole;
- (iii) the Company's external auditors will conduct an annual review of the transactions under Property Management Service Agreements to ensure that the transaction amounts are within the annual cap and the transactions are in accordance with the terms set out in the Property Management Service Agreements; and
- (iv) the Company's independent non-executive Directors will conduct regular reviews of the status of the transactions under Property Management Service Agreements to ensure that the Company has complied with its internal approval process, the terms of the Property Management Service Agreements and the relevant requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY MANAGEMENT SERVICE AGREEMENTS

Xintianlun Property Management is specialized in property management. The Directors believe that entering into the Property Management Service Agreements is beneficial for the long-term business relationship with Xintianlun Property Management.

The Board (including the independent non-executive Directors) are of the view that the terms of transactions under the Property Management Service Agreements are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

The Property Management Service Agreements and the transactions contemplated thereunder have been considered and approved by the Board. Except for Mr. Zhang and Mr. Zhang Daoyuan, none of the Directors has material interest in the transaction under the Property Management Service Agreements or were required to abstain from voting on the Board resolutions of the Company approving the same.

INFORMATION OF 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.

Henan Tianlun is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in the sale of pipelined natural gas, construction and connection of gas pipelines in the PRC.

Henan Shoukai is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in construction and installation in the PRC.

INFORMATION OF TIANLUN EDUCATION

Tianlun Education is a company established in the PRC with limited liability and is indirectly owned as to 50 % by Mr. Zhang, 25% by Ms. Sun Yanxi, and 25% by Mr. Zhang Daoyuan. It is principally engaged in education investment and consultancy.

INFORMATION OF XINTIANLUN PROPERTY MANAGEMENT

Xintianlun Property Management is a company established in the PRC with limited liability and is indirectly owned as to 100% by Mr. Zhang Daoyuan. It is principally engaged in property management, property services, car park services, housing rental, real estate agency services, plumbing and electrical maintenance services, housekeeping services and landscape maintenance works.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Zhang is an executive Director and a controlling shareholder of the Company and thus a connected person of the Company. Mr. Zhang Daoyuan, the son of Mr. Zhang, is a non-executive Director and a controlling shareholder of the Company, thus also a connected person of the Company. As at the date of this announcement, the equity interest of Tianlun Education is indirectly owned as to 50% by Mr. Zhang, 25% by Ms. Sun Yanxi (spouse of Mr. Zhang), and 25% by Mr. Zhang Daoyuan. Therefore, Tianlun Education is an associate of Mr. Zhang and Mr. Zhang Daoyuan and thus a connected person of the Company. In accordance with HKFRS 16 applicable to the Company, the

rental transactions contemplated under the Property Lease Agreements are recognised as acquisition of right-of-use assets. The rental transactions constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the relevant applicable percentage ratios exceed 0.1% but all are less than 5%, the transactions contemplated under the Property Lease Agreements are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the equity interest of Xintianlun Property Management is indirectly owned as to 100% by Mr. Zhang Daoyuan. Therefore, Xintianlun Property Management is an associate of Mr. Zhang and Mr. Zhang Daoyuan and thus a connected person of the Company, the Property Management Service Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the relevant applicable percentage ratios, on an annual basis, exceed 0.1% but all are less than 5%, the transactions contemplated under the Property Management Service Agreements are subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Tian Lun Gas Holdings Limited (天倫燃氣控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Henan Shoukai”	Henan Shoukai Construction Engineering Co., Ltd* (河南首開建築工程有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Henan Tianlun”	Henan Tian Lun Gas Group Limited* (河南天倫燃氣集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with any of the Directors, chief executive or substantial Shareholders of the Company or any of their respective subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Yingcen, the executive Director and controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Property Lease Agreement I”	the lease agreement dated 15 January 2025 entered into between Henan Tianlun and Tianlun Education in relation to the lease of property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC with a gross floor area of 5,606 sq.m. for a term of 3 years from 15 January 2025 to 14 January 2028
“Property Lease Agreement II”	the lease agreement dated 15 January 2025 entered into between Henan Shoukai and Tianlun Education in relation to the lease of property located at the intersection of Jiuru East Road and Huanghe East Road in Zhengdong New District, Zhengzhou, the PRC with a gross floor area of 1,193 sq.m. for a term of 3 years from 15 January 2025 to 14 January 2028
“Property Lease Agreements”	Collectively, Property Lease Agreement I and Property Lease Agreement II
“Property Management Service Agreement I”	the property management service agreement dated 15 January 2025 entered into between Henan Tianlun and Xintianlun Property Management in relation to the provision of property management services for a term of 3 years from 15 January 2025 to 14 January 2028

“Property Management Service Agreement II”	the property management service agreement dated 15 January 2025 entered into between Henan Shoukai and Xintianlun Property Management in relation to the provision of property management services for a term of 3 years from 15 January 2025 to 14 January 2028
“Property Management Service Agreements”	Collectively, Property Management Service Agreement I and Property Management Service Agreement II
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square metres
“Tianlun Education”	Henan Tianlun Education Investment Co., Ltd* (河南省天倫教育投資有限公司), a company established in the PRC with limited liability and is indirectly owned as to 50 % by Mr. Zhang, 25% by Ms. Sun Yanxi, and 25% by Mr. Zhang Daoyuan
“Xintianlun Property Management”	Henan Xintianlun Property Management Co., Ltd* (河南新天倫物業管理有限公司), a company established in the PRC with limited liability and is indirectly owned as to 100% by Mr. Zhang Daoyuan
“%”	per cent

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

Zhengzhou, the PRC, 15 January 2025

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