

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**天伦燃气**  
TIANLUN GAS

**China Tian Lun Gas Holdings Limited**

**中國天倫燃氣控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01600)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF EQUITY INTERESTS**

The Board announces that taking the Group's optimization of asset quality into consideration, Henan Tian Lun, a wholly-owned subsidiary of the Company, entered into the Agreement with Golden Dragon Company, an independent third party, on 13 September 2012, pursuant to which Henan Tian Lun will dispose of its entire equity interests in Cangxi Datong to Golden Dragon Company at a consideration of RMB90,000,000.

As the applicable percentage ratios under the Listing Rules in respect of the transaction under the Agreement exceed 5% but are less than 25%, the transaction under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

The Board announces that taking the Group's optimization of asset quality into consideration, Henan Tian Lun, a wholly-owned subsidiary of the Company, entered into the Agreement with Golden Dragon Company, an independent third party, on 13 September 2012, pursuant to which Henan Tian Lun will dispose of its entire equity interests in Cangxi Datong to Golden Dragon Company at a consideration of RMB90,000,000 (the "Disposal").

**The Agreement**

**Date:** 13 September 2012

**Parties:** Henan Tian Lun; and

Golden Dragon Company

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Golden Dragon Company and their respective ultimate beneficial owners are independent third parties not connected with the Company and its subsidiaries as well as their respective directors, substantial shareholders and their respective associates.

According to the Agreement, Henan Tian Lun will dispose of its entire equity interests in Cangxi Datong to Golden Dragon Company at a consideration of RMB90,000,000. Upon the completion of the Disposal, Henan Tian Lun will not have any equity interest in Cangxi Datong, and thus Cangxi Datong will no longer be a subsidiary of the Company.

## **Consideration**

### **(1) Basis of consideration**

The consideration under the Agreement is RMB90,000,000 which was determined after arm's length negotiations among parties to the Agreement with reference to the following:

- (a) the asset condition of Cangxi Datong and Henan Tian Lun's preliminary investments in Cangxi Datong; and
- (b) the Group's expected returns of the combined welding-cutting gas project (consolidated use project of liquefied nature gas) of Cangxi Datong.

### **(2) Payment**

Within ten days upon signing of the Agreement, Golden Dragon Company shall remit its payment to the bank account designated by Henan Tian Lun at a consideration of RMB90,000,000. Each party to the Agreement shall complete the formality of share transfer within 60 business days after signing the Agreement.

## **Condition Precedents**

The Agreement is conditional upon (among others):

- (1) the approval of the Disposal by the shareholders of Cangxi Datong;
- (2) the approval of the Disposal by the Board and shareholders of the Company in accordance with the Listing Rules (if required); and
- (3) the approval of the Disposal by the relevant government departments.

As at the date of this announcement, the conditions under items (1) and (2) above have been fulfilled.

## **Financial Implications of the Disposal**

As a result of the Disposal, the Group expects a recognized revenue of approximately RMB15,476,000 for the year ended 31 December 2012, subject to auditing, which is calculated with reference to (i) the proceeds of RMB90,000,000 from the Disposal; (ii) the net assets of approximately RMB35,700,000 from Cangxi Datong attributable to the equity owners of the Company as of 31 December 2011; (iii) derecognition of goodwill of the Disposal of approximately RMB83,824,000; and (iv) fully exempted contingent consideration of RMB45,000,000 of the Disposal.

The Directors expects that the proceeds from the Disposal will, in the first priority, be applied to the base of gas source project which is newly invested by the Group.

## **Cangxi Datong**

Cangxi Datong is a company established in the PRC principally engaged in investment in, development and construction of consolidated use projects of natural gas. As at the date of this announcement, the construction of combined welding-cutting gas project (a consolidated use project of liquefied nature gas (LNG)) of Cangxi Datong has basically been completed but it has not yet been put into operation.

## **Golden Dragon Company**

Golden Dragon Company is a company established in Hong Kong principally engaged in investment business.

## **The Group**

The Group is principally engaged in the gas pipeline connections operation, the transportation and sales of gas operation and construction and operation of vehicle gas filling stations as well as production and sales of LNG in the PRC.

## **Financial Information of Cangxi Datong**

Cangxi Datong has not commenced any operation as at the date of this announcement. For the two years ended 31 December 2011, Cangxi Datong had no revenue and profit from its operational business. The audited net assets value of Cangxi Datong as at 31 December 2011 as stated in the audited accounts of Cangxi Datong prepared in accordance with the PRC Accounting Standards amounted to RMB70,000,000.

## **Implementation of Agreement between the Group and the Original Shareholders of Cangxi Datong**

Reference is made to the announcement dated 3 April 2011 in relation to capital injection. Henan Tian Lun entered into a capital injection and cooperation agreement with the Original Shareholders of Cangxi Datong in respect of capital injection and other matters on 2 April 2011. Pursuant to the capital injection and cooperation agreement, Henan Tian Lun will contribute RMB25,500,000 to the registered capital of Cangxi Datong and the Original Shareholders of Cangxi Datong will also contribute accordingly. Upon completion of the capital injection, Henan Tian Lun holds 51% of equity interests in Cangxi Datong. In addition, Henan Tian Lun also agreed to (i) make a subsequent investment in Cangxi Datong and (ii) pay the compensation of RMB70,000,000 to the Original Shareholders of Cangxi Datong.

Henan Tian Lun completed its contribution of RMB25,500,000 to the registered capital of Cangxi Datong in April 2011 and along with additional capital injection from the Original Shareholders of Cangxi Datong, the registered capital of Cangxi Datong has been increased to RMB50,000,000. Cangxi Datong has completed its industrial and commercial registration. Henan Tian Lun has injected RMB20,000,000 into the capital reserve of Cangxi Datong and its subsequent investment has been fully exempted as agreed by the Original Shareholders of Cangxi Datong. Henan Tian Lun aggregately paid the first compensation payment of RMB25,000,000 to the Original Shareholders of Cangxi Datong and the Original Shareholders of Cangxi Datong agreed that the remaining compensation under the capital injection and cooperation agreement paid by Henan Tian Lun to the Original Shareholders of Cangxi Datong shall be fully exempted when the Agreement comes into force.

As at the date of this announcement, Henan Tian Lun aggregately paid the consideration of RMB70,500,000 in accordance with the capital injection and cooperation agreement entered into between Henan Tian Lun and the Original Shareholders of Cangxi Datong on 2 April 2011.

## Reasons and Benefits of Disposal

The progress of the construction of combined welding-cutting gas of Cangxi Datong (consolidated use project of LNG) is later than the original target predetermined by the Group. Moreover, the project's purchase unit price of natural gas, the key raw material, may be higher than the expected price level when the Group joined the project. The matters mentioned above might result in a fact that the investment return period will exceed the pre-determined target of the Group.

The proceeds of the Disposal will bring an immediate cash flow to the Group, and further guarantee the fund sufficient for the Group to seek business opportunities of investment and construction of new gas source base projects in key areas in Northwest, Northeast, and Southwest China. Henan Tian Lun has recently entered into a strategic cooperation framework agreement and an agreement of settling in Linjiang Park of Kai county Industrial Park Zone with the People's Government of Kai county of Chongqing City, which determines that Henan Tian Lun shall conduct a welding-cutting gas construction project with annual production capacity of 400 million cubic meters of LNG in Linjiang Park of Kai county Industrial Park Zone through business invitation and investment attraction.

The Directors, including all the independent non-executive Directors, are of the view that the terms and conditions of the Agreement are fair and reasonable and the transaction under the Agreement is in the interest of the Company and its shareholders as a whole.

## Implications under the Listing Rules

As the applicable percentage ratios under the Listing Rules in respect of the transaction under the Agreement exceed 5% but are less than 25%, the transaction under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

## Definitions

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

“Agreement”	the equity transfer agreement entered into between Henan Tian Lun and Golden Dragon Company on 13 September 2012 in relation to the disposal of 51% of equity interests in Cangxi Datong
“associates”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Board”	the Board of Directors from time to time
“Company”	China Tian Lun Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Henan Tian Lun”	Henan Tian Lun Gas Group Limited (河南天倫燃氣集團有限公司), a wholly-owned subsidiary of the Company

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Golden Dragon Company”	Golden Dragon Century Limited (金龍世紀有限公司), a company established in Hong Kong
“Cangxi Datong”	Cangxi County Datong Natural Gas and Investment Limited (蒼溪縣大通天然氣投資有限公司), a company established in the PRC, the equity interests of which are held by Henan Tian Lun as to 51%
“Original Shareholders of Cangxi Datong”	Hunan Zhongyou Guangda Gas Limited (湖南中油光大燃氣有限公司), Sichuan Jinxing Petrochemical and Machinery Limited (四川金星石油化工機械設備有限公司) and Yunnan Datong Natural Gas Limited (雲南大通天然氣有限公司)
“All Shareholders of Cangxi Datong”	Henan Tian Lun Gas Group Limited (河南天倫燃氣集團有限公司), Hunan Zhongyou Guangda Gas Limited (湖南中油光大燃氣有限公司), Sichuan Jinxing Petrochemical and Machinery Limited (四川金星石油化工機械設備有限公司) and Yunnan Datong Natural Gas Limited (雲南大通天然氣有限公司)
“%”	Per cent

By order of the Board  
**China Tian Lun Gas Holdings Limited**  
**Mr. Zhang Yingcen**  
*Chairman*

Zhengzhou, PRC, 13 September 2012

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Feng Yi, Mr. Sun Heng, Mr. Hu Xiaoming and Ms. Li Tao; the non-executive Director is Mr. Zhang Daoyuan; and the independent non-executive Directors are Mr. Li Liuqing, Mr. Zhang Jiaming and Ms. Zhao Jun.*