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**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)**

### **CONTINUING CONNECTED TRANSACTION**

The Board announces that on 18 December 2012, Henan Tian Lun, a wholly-owned subsidiary of the Company, and Hexiang Engineering entered into the New Hexiang Engineering Construction Agreement, pursuant to which Hexiang Engineering will provide services to the Group for construction and installation of the Group's pipelines in the PRC for a term from the Effective Date to 31 December 2013 and the new annual cap for the year ending 31 December 2013 will be not more than RMB20,000,000.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Transaction on an annual basis are more than 0.1% but less than 5%, the New Hexiang Engineering Construction Agreement is only subject to the reporting, annual review and announcement requirements and is exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

Reference is made to the disclosures in the section headed "Connected Transactions" in the prospectus of the Company dated 27 October 2010.

On 13 October 2010, the Group and Hexiang Engineering entered into the Hexiang Engineering Construction Agreement for the engagement of Hexiang Engineering to carry out the construction and installation of pipelines for the Group for a term ending 31 December 2012.

As the Hexiang Engineering Construction Agreement will expire on 31 December 2012, the Board announces that on 18 December 2012, Henan Tian Lun, a wholly-owned subsidiary of the Company, entered into a New Hexiang Engineering Construction Agreement with Hexiang Engineering for a term from the Effective Date to 31 December 2013.

### **THE NEW HEXIANG ENGINEERING CONSTRUCTION AGREEMENT**

The principal terms of the New Hexiang Engineering Construction Agreement are set out below:

**Date:** 18 December 2012

**Parties:** Henan Tian Lun; and  
Hexiang Engineering

## Subject Matter

Pursuant to the New Hexiang Engineering Construction Agreement, Hexiang Engineering will provide services to the Group for construction and installation of the Group's pipelines in the PRC. Pursuant to the terms of the New Hexiang Engineering Construction Agreement, a separate construction agreement will be entered into between the relevant member of the Group and Hexiang Engineering for each of the specific construction and installation projects to be conducted by Hexiang Engineering for the relevant member of the Group, which will specify, among other things, scope of work, work schedule and the construction and installation fees.

## Term

The New Hexiang Engineering Construction Agreement is for a term from the Effective Date to 31 December 2013, unless terminated if (a) either party becomes bankrupt or insolvent or conducts dissolution proceedings or ceases to carry on business; or (b) either party terminates the agreement by giving a one-month prior notice in writing to the other party.

## Basis of consideration

Both parties agree that the construction and installation fees payable by the Group to Hexiang Engineering will be determined on a case by case basis with reference to the scale and complexity of work carried out by Hexiang Engineering, the fixed price(s) relating to construction and installation laid down by the local government, and the market rate and terms with Independent Third Parties previously engaged by the Group in similar transactions.

## ANNUAL CAPS

The existing annual caps for transactions under the Hexiang Engineering Construction Agreement for the three years ending 31 December 2012 and the historical transaction amounts under the Hexiang Engineering Construction Agreement for the two years ended 31 December 2011 and the nine months ended 30 September 2012 are set out below:

	For year ended 31 December			For the nine months ended
	2010	2011	2012	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Annual caps	8,200	9,500	11,000	—
Actual transaction amount	7,397	8,192	—	8,660

The proposed new annual cap under the New Hexiang Engineering Construction Agreement for the year ending 31 December 2013 is RMB20,000,000, which was determined with reference to the historical transaction amounts with Hexiang Engineering and the percentage of total transaction amounts with the Group's sub-contractors, and the expected increase in new users and connection fees for the year ending 31 December 2013.

## REASONS AND BENEFITS

Hexiang Engineering has a proven record in providing quality pipelines construction and installation works to the Group, which has effectively improved the reliability and safety of the Group's operations over the past years. As such, the Directors believe that the continuing engagement of Hexiang Engineering will allow the Group to cope with the expansion in the scale of the Group's operation and the Group's increasing need for pipelines construction and installation works in the coming year.

## VIEW OF THE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTION

The Board (including the independent non-executive Directors) considers that the Transaction is entered into in the usual and ordinary course of business of the Group and conducted on an arm's length basis and on normal commercial terms. Accordingly, the Board (including the independent non-executive Directors) considers that the terms of the New Hexiang Engineering Construction Agreement, including the annual cap, are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## GENERAL

The Group is principally engaged in gas pipeline connections, transportation and sale of gas, construction and operation of gas stations, production and sale of liquefied natural gas in the PRC.

Hexiang Engineering is principally engaged in installation of pipelines and installation of water, electricity and heat supply. It is owned as to 80% and 20% by Henan Tian Lun Holdings and Henan Tian Lun Engineering Investment, respectively. Henan Tian Lun Holdings is owned as to 50%, 25% and 25% by Mr. Zhang Yingcen, Mr. Zhang Daoyuan and Ms. Sun Yanxi, respectively. Henan Tian Lun Engineering Investment is owned as to 80% and 20% by Henan Tian Lun Holdings and Henan Tian Lun Real Estate Group Limited\* (河南天倫地產集團有限公司), respectively. Mr. Zhang Yingcen is a Controlling Shareholder and an executive Director. Therefore, Hexiang Engineering is a connected person of the Company under the Listing Rules, and the Transaction constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Transaction on an annual basis are more than 0.1% but less than 5%, the New Hexiang Engineering Construction Agreement is only subject to reporting, annual review and announcement requirements and is exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

Other than Mr. Zhang Yingcen (the chairman of the Company and an executive Director) and Mr. Zhang Daoyuan (a non-executive Director) who have a material interest in the Transaction and have abstained from voting on the board resolution approving the New Hexiang Engineering Construction Agreement and the Transaction, no other Director has a material interest in the Transaction and no other Director has abstained from voting on the board resolution to approve the Transaction.

## DEFINITIONS

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

“associates “	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors from time to time
“Company”	China Tian Lun Gas Holdings Limited (中國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 of Hong Kong Limited
“connected person”	has the meaning ascribed to it in the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it in the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Company has obtained all the necessary approval, authorization, consent and permit (including but not limited to independent Shareholders' approval) (if required) or 1 January 2013 (whichever is later)
“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 company established in the PRC with limited liability on 1 November 2002 and an indirect wholly-owned subsidiary of the Company

“Henan Tian Lun Engineering Investment”	Henan Tian Lun Gas Engineering Investment Limited* (河南省天倫燃氣工程投資有限公司), a company established in the PRC with limited liability on 10 May 2002
“Henan Tian Lun Holdings”	Henan Tian Lun Investment Holdings Limited* (河南省天倫投資控股有限公司), a company established in the PRC with limited liability on 21 August 2009
“Hexiang Engineering”	Hebi Hexiang Engineering Limited* (鶴壁市鶴翔工程有限公司), a company established in the PRC with limited liability on 23 December 2005
“Hexiang Engineering Construction Agreement”	the agreement dated 13 October 2010 entered into between the Group and Hexiang Engineering for the engagement of Hexiang Engineering to carry out construction and installation of pipelines for the Group for a term ending on 31 December 2012
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	individuals or companies who or which are not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Hexiang Engineering Construction Agreement”	the framework agreement dated 18 December 2012 entered into between Henan Tian Lun and Hexiang Engineering for the engagement of Hexiang Engineering to carry out construction and installation of pipelines for the Group for a term from the Effective Date to 31 December 2013
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholders”	holder(s) of the issued ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Transaction”	the transaction contemplated under the New Hexiang Engineering Construction Agreement
“%”	per cent

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

Zhengzhou, PRC, 18 December 2012

*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese which are marked with “\*” is for identification purpose only.*

*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.*