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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 IN RELATION TO THE INVESTMENT IN A TRUST SCHEME

Henan Tian Lun entered into the Investment Agreement on 21 March 2012 (as supplemented by two supplemental agreements on 4 May 2012 and 21 March 2014, respectively) with Zhongyuan Trust, pursuant to which Henan Tian Lun agreed to invest for an amount not exceeding RMB400 million in aggregate in the Trust Scheme, and Zhongyuan Trust agreed to apply the Trust Principals for investment on behalf of Henan Tian Lun in the Products for the benefit of Henan Tian Lun.

Pursuant to the supplemental agreement entered into by the parties on 21 March 2014, the Trust Period has been extended for a period of two years until 21 March 2016.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Investment are more than 5% but less than 25%, the Investment is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE INVESTMENT

Reference is made to the announcements of China Tian Lun Gas Holdings Limited (the “**Company**”) dated 18 January 2013 and 21 March 2014, all in relation to the Investment Agreement (as supplemented by two supplemental agreements on 4 May 2012 and 21 March 2014, respectively) entered into between Henan Tian Lun and Zhongyuan Trust.

Henan Tian Lun entered into the Investment Agreement on 21 March 2012 (as supplemented by two supplemental agreements on 4 May 2012 and 21 March 2013, respectively) with Zhongyuan Trust, pursuant to which Henan Tian Lun agreed to invest for an amount not exceeding RMB400 million in aggregate in the Trust Scheme for a term of two years commencing on the date of the initial payment of the Trust Principals to Zhongyuan Trust (i.e. 21 March 2012), and Zhongyuan Trust agreed to apply the Trust Principals for investment on behalf of Henan Tian Lun in the Products (as defined below) for the benefit of Henan Tian Lun.

During the period from 21 March 2012 to 21 March 2014 (the “**Period**”), the Group had invested RMB370 million in aggregate in the Trust Scheme. The investment funds were financed by internal resources of the Group. During the Period, the Company had withdrawn RMB150 million in aggregate from the investment in the Trust Scheme according to the Group’s requirements for daily operations and expansion. As at the date of this announcement, the Group’s balance of investment in the Trust Scheme amounted to RMB220 million.

The Trust Scheme

The trust products

During the term of the Investment Agreement, Zhongyuan Trust will invest the Trust Principals made by the Group into short-term banking financial products and certain trust products including but not limited to equity yield rights trusts (股權收益權信託) and equity pledged loan trusts (股權質押貸款信託) (Please refer to the “Definition” section below) (collectively, the “**Products**”).

Trust income

Pursuant to the Investment Agreement, the expected annualized net proceeds of a Product (the “**Expected Return**”) is 9.78% of the aggregate amount of relevant Trust Principal invested in such Product calculated over the actual number of calendar days of the trust based on a 360-day year. Zhongyuan Trust shall pay the Expected Return to Henan Tian Lun’s account within 10 working days after the trust proceeds are credited to a specific trust account set up by Zhongyuan Trust.

Zhongyuan Trust is entitled to receiving its remuneration including a fixed sum equivalent to 1.1% of the amount of the Trust Principals, which may be withdrawn from the trust asset on 20 December 2012, 20 December 2013 and at the end of the trust under the Investment Agreement; and any surplus from the Net Trust Proceeds after deducting the amount of the Expected Return, which will be collected by Zhongyuan Trust at the time of distribution of the proceeds after final settlement of the Trust Scheme.

Each tranche of trust investment may be automatically terminated, among others, (i) on the 8th day after any breach of the use of the fund if such breach could not be remedied within seven days of the breach, or (ii) upon the distribution of the remaining trust assets of a Product referred to below to Henan Tian Lun after Henan Tian Lun had served a 10 working days prior notice in writing to Zhongyuan Trust for settlement of a tranche of trust investment. Other investment under the Trust Scheme will remain valid. Within 10 working days of the settlement of a Product, Zhongyuan Trust shall distribute the remaining trust assets available at that time including the Trust Principals (after deducting the liabilities) and the outstanding Expected Return to Henan Tian Lun. If the remaining trust asset available in cash is insufficient to cover the liabilities of the trust including but not limited to the remuneration payable to Zhongyuan Trust, the shortfall thereof shall be borne by Henan Tian Lun. As confirmed by the Company, up to the date of this announcement, the above circumstance has not occurred.

The Group intends to use the Expected Return received for the Group’s general working capital.

REASONS AND BENEFITS

During the Period, the Trust Scheme has been operating smoothly and the Group has received stable income from the Trust Scheme.

Zhongyuan Trust regularly reported the progress of the Trust Scheme to the Group from time to time. The Group's investment management department also constantly monitored the ongoing progress of the Trust Scheme. In order to understand and keep track of the progress of the Trust Scheme, and to allow the Group to make decisions on whether to terminate the Trust Scheme, the Group's investment management department also reported on the progress of the Trust Scheme to the Group regularly and from time to time.

The Directors consider that the Trust Scheme brings a stable income to the Group, facilitates an appreciation of the idle funds and enables the Group to withdraw the invested capital from the Trust Scheme within a short period of time without affecting the funds requirement for the Group's daily operations and expansion.

In view of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Investment Agreement are fair and reasonable and the Investment is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND ZHONGYUAN TRUST

The Group is principally engaged in the gas pipeline connections operation and the transportation and sales of pipelined gas operation in the PRC.

Zhongyuan Trust is a non-banking financial institution specializing in trust business. To the best of the Directors' knowledge and having made all reasonable enquiries, Zhongyuan Trust, the fund recipients and their respective ultimate beneficial owners are third parties independent of and not connected with the Group and its connected persons (as defined in the Listing Rules).

GENERAL

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Investment are more than 5% but less than 25%, the Investment is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14 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 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
“Director(s)”	director(s) of the Company
“equity pledged loan trust”	to the best of the Directors' knowledge, Zhongyuan Trust advanced loan(s) to shareholder(s) of PRC listed companies in a sum normally equivalent to a discount as agreed between the parties to the then market price of the shares pledged to Zhongyuan Trust, and in return such shareholder(s) agreed to pledge the shares to Zhongyuan Trust as a collateral and to repay the loan together with the interest to Zhongyuan Trust at the end of the trust period

“equity yield rights trust”	to the best of the Directors’ knowledge, Zhongyuan Trust purchased equity yield rights from shareholder(s) of PRC listed companies at a purchase price normally at a discount as agreed between the parties to the then market price of the relevant shares, and in return such shareholder(s) agreed to pledge the shares to Zhongyuan Trust as a collateral and to redeem the right at the end of the trust period at an agreed redemption price at a premium of the purchase price
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment”	investment in the Trust Scheme contemplated under the Investment Agreement
“Investment Agreement”	a trust investment agreement dated 21 March 2012 (as supplemented by two supplemental agreements on 4 May 2012 and 21 March 2014, respectively) and entered into between Henan Tian Lun and Zhongyuan Trust in relation to the Investment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Trust Proceeds”	the net proceeds (inclusive of the trust proceeds generated from a Product, the bank interest income and other income, but net of any costs, tax and liabilities that shall be borne by Henan Tian Lun under the Investment Agreement) in proportion to the relevant Trust Principal invested in such Product
“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
“Trust Period”	a term of two years, commencing on the date of the initial payment of the Trust Principals to Zhongyuan Trust (i.e. 21 March 2012) to 21 March 2014, which has been further extended to 21 March 2016 pursuant to the supplemental agreement entered into by the parties on 21 March 2014
“Trust Principal(s)”	the fund(s) as the trust principal(s) made or to be made by Henan Tian Lun under the Investment Agreement

“Trust Scheme”	a portfolio of trust financial products managed and maintained by Zhongyuan Trust under the Investment Agreement
“Zhongyuan Trust”	Zhongyuan Trust Co., Ltd. (中原信託有限公司), a company established in the PRC and a non-banking financial institution
“%”	per cent

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

Zhengzhou, the PRC, 25 March 2014

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

** for identification purpose only*