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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)**

**INSIDE INFORMATION  
LETTER OF INTENT IN RELATION TO  
THE POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Board is pleased to announce that on 27 January 2015 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the non-legally binding Letter of Intent with the Vendors in relation to the possible acquisition by the Purchaser of 75% of the equity interest in the Target Company from the Vendors.

A refundable deposit of RMB160,000,000 will be payable by the Purchaser to the Vendors pursuant to the Letter of Intent.

Shareholders and potential investors of the Company should be aware that the terms of the Possible Acquisition are subject to further negotiation among the parties to the Letter of Intent and are subject to the parties entering into the Formal Agreement. As the Possible Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If the Formal Agreement is entered into and the Possible Acquisition materialises, it will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and further announcement will be made in that regard as and when appropriate.

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Set out below are the major terms of the Letter of Intent:

## **LETTER OF INTENT**

**Date:** 27 January 2015

**Purchaser:** Henan Tian Lun

**Vendors:** Mr. Li

Tianjin Qian Sheng

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Li and Tianjin Qian Sheng and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Tianjin Qian Sheng is principally engaged in the business of gas operation.

### **Subject Matter**

Under the Letter of Intent, it is proposed that the Purchaser will acquire 75% of the equity interest in the Target Company from the Vendors subject to the terms and conditions of the Formal Agreement.

### **Consideration**

The consideration for the Possible Acquisition, including the consideration amount and the way of settlement, shall be subject to the results of the due diligence review on the Target Company and further negotiation between the parties to the Letter of Intent and the terms and conditions of the Formal Agreement.

### **Specific Provisions**

The Vendors guarantee that within the term of the Letter of Intent (being a period of six months from the date of signing of the Letter of Intent), the Vendors shall not cause the transfer of the equity interest, assets and the rights of the Target Company and its subsidiaries and also guarantee the normal operating activities of the Target Company and its subsidiaries.

### **Refundable deposit**

Subject to the terms of the Letter of Intent, the Purchaser shall pay a refundable deposit of RMB160,000,000 (the "**Deposit**") to the Vendors within 20 business days after the signing of the Letter of Intent.

If a Formal Agreement has been entered into between the Purchaser and the Vendor, the Deposit shall be applied as deposit and partial payment of the consideration for the Possible Acquisition in accordance with the terms of the Formal Agreement. If no Formal Agreement is entered into on or before 31 May 2015, the Vendors shall return the amount of the Deposit together with interest at a rate of 10% per annum accrued thereon to the Purchaser.

The Purchaser (with the cooperation of the Vendors) will forthwith conduct the due diligence review on the Target Company upon signing of the Letter of Intent.

## FORMAL AGREEMENT

The Purchaser and the Vendors will proceed with the execution of the Formal Agreement within five business days after the confirmation by both the Purchaser and the Vendors of the contents of the due diligence report on the Target Company prepared by PricewaterhouseCoopers.

The Letter of Intent does not constitute a legally-binding commitment of the parties to the Letter of Intent in respect of the Possible Acquisition. The Possible Acquisition is subject to the execution and completion of the Formal Agreement.

Save for the clauses relating to the payment of Deposit, specific provisions, confidentiality, resolution of disputes and confidentiality, all other terms of the Letter of Intent are not legally binding.

If the Formal Agreement is materialised, the Possible Acquisition will constitute a notifiable transaction of the Company pursuant to the Listing Rules and thus the Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

## REASONS FOR THE POSSIBLE ACQUISITION

The Target Company has built and currently operates over 200 kilometers of high- and medium-pressure natural gas pipelines. It has obtained a natural gas sales quota of 980 million m<sup>3</sup>/year and transmits nearly 4 billion m<sup>3</sup> of natural gas per annum using its pipelines. In addition, the Target Company has established a business network involving construction and operation of long-haul natural gas pipelines, urban gas and direct supply of natural gas to large industrial parks, covering Henan, Jiangsu and Fujian provinces of the PRC. The Possible Acquisition will further expand the Group's business coverage and operating area and bring huge financial benefits to the Group.

In view of the above, the Directors (including all independent non-executive Directors) are of the view that the terms and conditions of the Letter of Intent are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

**The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Purchaser and the Vendors as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it will constitute a notifiable transaction of the Company pursuant to the Listing Rules. Shareholders and the potential investors of the Company are urged to exercise caution when dealing in the Shares. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that the Formal Agreement has been signed.**

## 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” 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 Stock Exchange

“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into by the Purchaser and the Vendors in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Letter of Intent”	the non-legally binding letter of intent dated 27 January 2015 entered into between the Vendors and the Purchaser setting out the preliminary understanding in relation to the Possible Acquisition
“Mr. Li”	Mr. Li Zi Feng (李子峰), an individual holding 65.78% of the equity interest of the Target Company
“Possible Acquisition”	the possible acquisition of 75% of the equity interest in the Target Company to be carried out by the Purchaser as contemplated under the Letter of Intent and subject to the execution of the Formal Agreement
“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
“Purchaser”	Henan Tian Lun Gas Group Limited* (河南天倫燃氣集團有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Hui Ji Tai Zhan Investment Company Limited* (北京慧基泰展投資有限公司), a company established in the PRC with limited liability, the equity interest of which are owned as to 65.78% by Mr. Li and 9.22% by Tianjin Qian Sheng
“Tianjin Qian Sheng”	Tianjin Qian Sheng Investment Partnership Enterprise (Limited Partnership)* (天津乾盛投資合夥企業(有限合夥)), a partnership formed in the PRC and holds 9.22% of the equity interest of the Target Company

“Vendors”

collectively, Mr. Li and Tianjin Qian Sheng

“%”

percent

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

Zhengzhou, the PRC, 27 January 2015

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, 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*