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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
SPONSORS' AGREEMENT**

This announcement is made by China Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements (the “**Announcements**”) of China Tian Lun Gas Holdings Limited (the “**Company**”) dated 11 February 2015 and 20 March 2015 in relation to, inter alia, the entering into of the Subscription Agreement between the Company as issuer and the Investors as subscribers with respect to the proposed issue of an aggregate of 181,742,400 Subscription Shares under Specific Mandate and the Amended and Restated Policy Agreement. Capitalised terms used in this announcement, unless the context requires otherwise, shall have the same meaning as those defined in the Announcements.

As disclosed in the Announcements, as one of the conditions of the Subscription, the parties to the Subscription Agreement will enter into several ancillary documents to the Subscription Agreement (including a sponsors' agreement).

The Board has been informed that on 27 March 2015 (after trading hours), (i) Mr. Zhang, Ms. Sun and Mr. Zhang Daoyuan, as sponsors (the “**Sponsors**”), (ii) Chequers Development Limited, Gold Shine Development Limited and Tian Lun Group Limited (formerly known as Fortune Hill Group Limited) as special purpose vehicles owned directly and/or indirectly by one or more Sponsors (the “**Sponsors' SPV**”, together with the Sponsors, the “**Grantors**”); and (iii) the Investors entered into a sponsors' agreement (the “**Sponsors' Agreement**”) pursuant to which the Grantors has, inter alia, granted the Put Option (as defined below) to the Investors and agreed to certain arrangements with respect to the shares of the Company owned directly and indirectly by the Grantors from time to time. The principal terms of the Sponsors' Agreement are set out below:

Put Option

Pursuant to the Sponsors' Agreement, the Grantors have granted to each Investor an option (the "**Put Option**") entitling each Investor to require the Grantors to, jointly and severally, purchase from the relevant Investor such number of the Shares subscribed by the relevant Investor pursuant to the Subscription Agreement and Shares or other equity securities issued or distributed in respect of any such Shares by way of stock dividend, stock split or distribution, or in connection with a combination of shares, recapitalization, reorganization, merger or consolidation, or otherwise (the "**Eligible Equity Securities**"), in each case as the relevant Investor may specify (the "**Put Shares**") at the Put Price (as defined below) during the period commencing from the Subscription Date and ending on the date when the relevant Investor ceases to own any Shares (the "**Put Period**") in accordance with the Sponsors' Agreement.

Put Price

The aggregate consideration (the "**Put Price**") at which the Grantors will purchase Put Shares from an Investor exercising its Put Option is calculated by multiplying (a) the higher of the amount in HK Dollars per Put Share that (i) provides that Investor an agreed return on each Put Share; and (ii) based on the fair market price of one Share as of the date when the Put Option is exercised, by (b) the number of Put Shares.

The Put Price and the terms of the Sponsors' Agreement were arrived at after arm's length negotiations between the parties thereto.

Exercise of the Put Option

Provided that the exercise of the Put Option would not (i) obligate any or all the Grantors to make a mandatory offer (as defined in the Code on Takeovers and Mergers); or (ii) results in the Company being unable to satisfy the public float requirements under the Listing Rules, each Investor may exercise its Put Option during the Put Period following the occurrence of any of the following triggering events:

Specific Pipeline Project Put Trigger Event

The commencement of construction, development and/or the commercial operations of either of the "Eastern Inner Mongolia Natural Gas Transmission Pipeline (Phase I)" and the "Western Inner Mongolia Natural Gas Transmission Pipeline (Phase II)" (the "**Specific Pipeline Projects**"), details of which are disclosed in the announcement of the Company dated 28 September 2014, or the making of additional investments by the Group into Inner Mongolia Oil and Gas Investment Co., Ltd (內蒙古油氣投資股份有限公司) or any other person to undertake the construction, development or operation of the Specific Pipeline Projects for the actual or intended purpose of transmitting gas generated from coal gasification plants whereby the volume of gas transmitted exceeds 20% of the total true volume of all gas transmitted or proposed to be transmitted by the Specific Pipeline Projects.

The Investors may not exercise the Put Option following the occurrence of a Specific Pipeline Projects Put Trigger Event during the Put Period after 2 years from the date of the Sponsors' Agreement if the Investors are satisfied (in their sole discretion) with the proposed and/or actual operations of both Specific Pipeline Projects and have waived its Put Option with respect thereof in writing to the Company.

Additional Pipeline Project Put Trigger Event

The proposed construction, development and operation by the Group of any gas transmission pipeline in the PRC or elsewhere to transmit gas generated from coal gasification plants (other than the Specific Pipeline Projects or any pipeline project which constitutes a notifiable transaction (as defined in the Listing Rules) and approved by the Shareholders).

The Investors can only exercise the Put Option following the occurrence of an Additional Pipeline Project Put Trigger Event during the Put Period if at the time of the occurrence of such event, the Grantors, as a group, hold the legal and beneficial ownership of 50% or more of the then total issued share capital of the Company on a fully-diluted basis.

Policy Put Trigger Event

(1) The failure of the Company to perform its obligations under the Amended and Restated Policy Agreement in relation to Sanctionable Practices, resolutions issued by the United Nations Security Council under Chapter VII of the UN Charter, U.S. Office of Foreign Assets and Control and Shell Banks; (2) the failure of the Company in any material manner to perform its obligations under the Amended and Restated Policy Agreement in relation to environmental covenants, if such failure has not been remedied within 30 days; (3) the failure of any Grantor to perform its obligations under the Sponsors' Agreement in relation to not engaging in Sanctionable Practices, activities prohibited by resolution of the United Nations Council and transactions involving Shell Banks; or (4) any representation and warranty made by the Grantors in the Sponsors' Agreement being incorrect or misleading.

Voting Threshold Put Trigger Event

For so long as the Grantors, the Company's management and any of their respective associates (as defined in the Listing Rules), as a group, hold more than 45% of the then issued share capital of the Company on a fully-diluted basis, any or all of these persons casting their votes in respect of more than 45% of their voting rights in any resolution at any general meeting of the Shareholders to approve any notifiable transaction (as defined in the Listing Rules) which requires shareholders' approval under the Listing Rules.

Share retention

At all times during the period commencing on the Subscription Date and ending on the fifth anniversary thereof, for so long as the Investors, as a group, hold the legal and beneficial ownership of 10% or more of the total issued Shares on a fully-diluted basis (among others):

- (a) the Sponsors shall, as a group, maintain, directly or indirectly, the legal and beneficial ownership of not less than 100% of the total issued share capital of each Sponsors' SPV on a fully-diluted basis free from all Prohibited Transfers;
- (b) no Sponsor shall transfer any share of any Sponsors' SPV if, after giving effect to such transfer, Mr. Zhang maintains, directly or indirectly, the legal and beneficial ownership of less than 50% of the total issued share capital of any Sponsors' SPV on a fully-diluted basis; and
- (c) the Sponsors' SPVs shall, as a group, maintain, directly or indirectly, the legal and beneficial ownership of not less than 33% of the total issued share capital of the Company on a fully-diluted basis.

Tag-along right

So long as the Investors, as a group, hold 5% of more of the then issued share capital of the Company on a fully-diluted basis, if any Grantor (or any group of Grantors together) proposes to transfer any equity securities of the Company to any person (other than where the transferee is a Grantor or where a transfer is made on-market) (the “**Relevant Transfer**”), each Investor will be entitled to transfer their respective Eligible Equity Securities in proportion to the amount of the equity securities of the Company to be transferred by such Grantor under the Relevant Transfer(s) to such transferee on the same terms.

Grantors’ undertakings

Pursuant to the Sponsors’ Agreement, the Grantors shall:

- (a) procure that the Company shall comply with all of its obligations under the Amended and Restated Policy Agreement;
- (b) in any general meeting of the Shareholders:
 - (i) not vote in favor or against any resolution of such shareholders in each case that would result in the Company’s failure to comply with any of its obligations under the Amended and Restated Policy Agreement; and
 - (ii) for so long as the Investors, as a group, hold the legal and beneficial ownership of 5% or more of the total issued Shares on a fully-diluted basis, vote in favor of any resolution of such shareholders to approve the appointment of the Investors’ Nominee Director;
- (c) for so long as the Grantors, the Company’s management and any of their respective associates, as a group, hold the legal and beneficial ownership of more than 45% of the total issued Shares on a fully-diluted basis, not cast their votes (and procure that each such management member or associate shall not cast their votes) in respect of more than 45% of their ownership of such total issued Shares in any resolution of the Shareholders at a general meeting to approve any notifiable transaction (as defined in the Listing Rules) requiring approval of the Shareholders pursuant to Chapter 14 of the Listing Rules provided that this obligation shall only become effective on and from the Subscription Date and cease to have any effect once neither investor holds any legal and beneficial ownership of any issued Shares.

General

The entering into of the Sponsors’ Agreement and the transactions contemplated thereunder may or may not constitute connected transactions on the part of the Company. The Company will comply with the relevant requirements in accordance with Chapter 14A of the Listing Rules as and when appropriate.

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

Zhengzhou, the People’s Republic of China, 27 March 2015

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