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天倫燃气
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)

VOLUNTARY ANNOUNCEMENT
ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET
COMPANIES IN SHAANXI PROVINCE

This announcement is made by China Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

THE ACQUISITIONS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, Henan Tian Lun Gas Group Limited* (河南天倫燃氣集團有限公司) (“**Henan Tian Lun**”, an indirect wholly owned subsidiary of the Company) recently entered into an equity transfer agreement with three individuals (“**Mizhi Vendors Group**”), pursuant to which Henan Tian Lun agreed to acquire the entire equity interest in Mizhi County Changxing Natural Gas Company Limited* (米脂縣長興天然氣有限責任公司) (the “**Mizhi Changxing**”) from the Mizhi Vendors Group at an aggregate consideration of RMB122,000,000 (the consideration is subject to possible adjustment based on assets verification of Mizhi Changxing) (the “**Mizhi Acquisition**”). Henan Tian Lun also recently entered into another equity transfer agreement with two other individuals (“**Wubu Vendors Group**”), pursuant to which Henan Tian Lun agreed to acquire the entire equity interest in Wubu County Changxing Natural Gas Company Limited* (吳堡縣長興天然氣有限責任公司) (the “**Wubu Changxing**”) from the Wubu Vendors Group at an aggregate consideration of RMB55,000,000 (the consideration is subject to possible adjustment based on assets verification of Wubu Changxing) (the “**Wubu Acquisition**”).

As at the date of this announcement, Henan Tian Lun has completed the transfer of the equity interests and operating rights of Mizhi Changxing and Wubu Changxing with Mizhi Vendors Group and Wubu Vendors Group respectively. Each of Mizhi Changxing and Wubu Changxing (the “**Target Companies**”) has become an indirectly wholly-owned subsidiary of the Company and their financial results will be consolidated to the Group’s consolidated financial statements.

The total consideration of RMB177,000,000 (the “**Total Consideration**”) in respect of Mizhi Acquisition and Wubu Acquisition (collectively, the “**Acquisitions**”) shall be satisfied by internal resources of the Group and was determined among the Company, Mizhi Vendors Group and Wubu Vendors Group (collectively, the “**Vendors**”) after arm’s length negotiations, taking into consideration the existing asset value, area of operation and customer base, profitability and potential operational growth of Mizhi Changxing and Wubu Changxing. The Directors considered that the Total Consideration is fair and reasonable.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Mizhi Changxing and Wubu Changxing respectively owns the exclusive city gas concession rights in Mizhi County* (米脂縣) and Wubu County* (吳堡縣), Yulin, Shaanxi Province in the PRC to provide natural gas to residential, industrial and commercial users in the regions. They in total own 19 kilometres of high-pressure pipelines, 73 kilometres of medium-pressure pipelines and a compressed natural gas refilling station, with a total gas sales volume of approximately 28.73 million cubic metres in 2016.

Shaanxi Province has abundant natural gas resources and is one of the major natural gas origins in the PRC. The Target Companies are close to sources of natural gas, and local residents generally use natural gas for heating during winters. In addition, as benefited from the exclusiveness of the concession rights, the Target Companies face relatively little business competition. The Directors believe that the Acquisitions will strengthen and expand the Group’s business scale, and increase the Group’s gas sales dollar margin, which will bring important strategic values and influence on the Group’s future business expansion in Shaanxi Province and further increase in the market share in northwestern China.

The Target Companies will adopt the Group’s management, procurement, sales, cost control and information technology systems, in order to further enhance their operating efficiency and profitability.

INFORMATION ON THE VENDORS AND THE TARGET COMPANIES

As at the date of this announcement, each vendor of the Mizhi Vendors Group and Wubu Vendors Group is an individual. Mizhi Vendors Group collectively hold the entire equity interest in Mizhi Changxing, while Wubu Vendors Group collectively hold the entire equity interest in Wubu Changxing. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, each of the Vendors are third party independent of the Company and its connected persons as at the date of this announcement.

Mizhi Changxing and Wubu Changxing were established in the PRC with limited liability in April 2006 and April 2012 respectively and are principally engaged in city gas business.

LISTING RULES IMPLICATIONS

None of the applicable percentage ratio(s) as set out in Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in respect of the Mizhi Acquisition and/or the Wubu Acquisition exceeds 5%, the Mizhi Acquisition and/or the Wubu Acquisition therefore does not constitute a notifiable transaction of the Company or any connected transaction under Chapter 14A of the Listing Rules.

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

Zhengzhou, the PRC, 7 February 2018

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; the non-executive Director is Mr. Wang Jiansheng and the independent non-executive Directors are Mr. Li Liuqing, Mr. Yeung Yui Yuen Michael and Ms. Zhao Jun.

** For identification purpose only.*