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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)

**CONNECTED TRANSACTION
ACQUISITION OF 13% EQUITY INTEREST
IN ZHONGJI DADI**

EQUITY TRANSFER AGREEMENT

On 12 July 2018, Henan Tian Lun entered into the Equity Transfer Agreement with the Vendor, pursuant to which Henan Tian Lun agreed to purchase, and the Vendor agreed to sell, 13% equity interest in Zhongji Dadi at an aggregate consideration of RMB71,510,000 in cash.

Before the completion of the Acquisition, the equity interest of Zhongji Dadi is owned as to 87% by Henan Tian Lun and Zhongji Dadi is a non-wholly owned subsidiary of the Company. Upon completion of the transactions contemplated under the Equity Transfer Agreement, the equity interest of Henan Tian Lun in Zhongji Dadi will increase to 100% and Zhongji Dadi will become a wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

Mr. Zhang is an executive Director and a controlling shareholder of the Company and thus a connected person of the Company. As at the date of this announcement, the equity interest of the Vendor is indirectly owned as to over 50% by Mr. Zhang. Therefore, the Vendor is an associate of Mr. Zhang and thus a connected person of the Company. The Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Equity Transfer Agreement are below 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to, among other things, the reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE ACQUISITION

The Board announces that Henan Tian Lun (a wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement on 12 July 2018, pursuant to which Henan Tian Lun agreed to purchase, and the Vendor agreed to sell, 13% equity interest in Zhongji Dadi at an aggregate consideration of RMB71,510,000 in cash.

THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are set out as follows:

Date:

12 July 2018

Parties:

Purchaser: Henan Tian Lun

Vendor: Engineering Investment Company

Subject matter:

Henan Tian Lun agreed to purchase 13% equity interest in Zhongji Dadi from the Vendor.

Consideration and basis of determination:

The aggregate consideration for the 13% equity interest in Zhongji Dadi is RMB71,510,000 and shall be payable by Henan Tian Lun in cash. The consideration under the Equity Transfer Agreement is determined between the parties after arm's length negotiations with reference to the existing size of assets, operating area of gas business, customer base and profitability of Zhongji Dadi and the potential growth of Zhongji Dadi.

The consideration under the Equity Transfer Agreement shall be settled in the following manner:

- (a) Henan Tian Lun shall pay RMB 10,000,000 to the Vendor within 5 days upon the Equity Transfer Agreement become effective; and
- (b) Within 5 days from the date of completion of changes in industrial and commercial registration, Henan Tian Lun shall pay RMB 61,510,000 to the Vendor.

Conditions of the Equity Transfer Agreement:

The Equity Transfer Agreement shall become effective upon the due execution of the Equity Transfer Agreement by each of Henan Tian Lun and the Vendor and the approval of the Board in accordance with the Listing Rules.

Completion:

Before the completion of the Acquisition, the equity interest of Zhongji Dadi is owned as to 87% by Henan Tian Lun and Zhongji Dadi is a non-wholly owned subsidiary of the Company. Upon completion of the transactions contemplated under the Equity Transfer Agreement, the equity interest of Henan Tian Lun in Zhongji Dadi will increase to 100% and Zhongji Dadi will become a wholly-owned subsidiary of the Company.

FINANCIAL INFORMATION OF ZHONGJI DADI

Set out below are the key financial figures of Zhongji Dadi for the two years ended 31 December 2017:

	For the year ended 31 December 2016 (RMB) (audited)	For the year ended 31 December 2017 (RMB) (audited)
Profit before taxation and extraordinary items	61,429,447	60,242,253
Profit after taxation and extraordinary items	46,665,633	45,011,559

	As at 31 December 2016 (RMB) (audited)	As at 31 December 2017 (RMB) (audited)
Total assets	436,727,122	462,416,938

The original cost paid by the Vendor for the 13% equity interest in Zhongji Dadi was RMB 53,000,000.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

With the Group's unremitting efforts in operation, Zhongji Dadi has recorded strong performance since its acquisition by the Group, which has enabled the Group to quickly expand its gas operations and market influence in Northeast China and contributed to the overall results of the Company with its outstanding performance. Given that the Group currently already owns 87% equity interest in Zhongji Dadi, the Board is of the opinion that through the acquisition of the remaining 13% equity interest in Zhongji Dadi, the Company will be able to control 100% equity interest in Zhongji Dadi, which will in turn further improve the Company's overall management of and control over its gas operations in Northeast China and accordingly improve the Company's size and profitability.

The Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreement are on normal commercial terms, and that the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the independent Shareholders taken as a whole.

Save for Mr. Zhang who is also a director of the Vendor and had abstained from voting on the Board resolutions in relation to the Equity Transfer Agreement, no Director has any material interest in the Equity Transfer Agreement or the transactions contemplated thereunder or is required to abstain from voting on the resolutions of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

INFORMATION ON THE GROUP

The Group is principally engaged in the operation of city gas, refilling stations, LNG plants, long-haul pipelines and direct industrial supply in the PRC. Henan Tian Lun is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in, among others, the business of wholesale and retail of natural gas and liquefied petroleum gas, development and application of new gas technology, and investment in gas business.

INFORMATION ON ZHONGJI DADI

Zhongji Dadi is a company established in the PRC with limited liability and is principally engaged in the urban gas and vehicle-use gas business in northeastern China. The equity interest of Zhongji Dadi is owned as to 87% by Henan Tianlun and 13% by the Vendor immediately before the Acquisition.

INFORMATION ON THE VENDOR

The Vendor is a company established in the PRC with limited liability and is principally engaged in investment of gas industry and related business. As at the date of this announcement, the equity interest of the Vendor is indirectly owned as to over 50% by Mr. Zhang.

LISTING RULES IMPLICATIONS

Mr. Zhang is an executive Director and a controlling shareholder of the Company and thus a connected person of the Company. As at the date of this announcement, the equity interest of the Vendor is indirectly owned as to over 50% by Mr. Zhang. Therefore, the Vendor is an associate of Mr. Zhang and thus a connected person of the Company. The Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Equity Transfer Agreement are below 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to, among other things, the reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of 13% equity interest of Zhongji Dadi contemplated under the Equity Transfer Agreement
“associates”	has the same meaning as ascribed thereto in the Listing Rules
“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 main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 12 July 2018 entered into between Henan Tian Lun and the Vendor in relation to the sale and purchase of 13% equity interest in Zhongji Dadi
“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), an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Yingcen (張瀛岑), an executive Director and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Engineering Investment Company”	Henan Tian Lun Engineering Investment Company 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
“Zhongji Dadi”	Jilin Zhongji Dadi Gas Group Limited* (吉林省中吉大地燃氣集團有限公司), a company established in the PRC with limited liability
“%”	per cent.

In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

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

Zhengzhou, the PRC, 12 July 2018

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Zhang Suwei, Mr. Feng Yi and Ms. Li Tao; the non-executive Director is Mr. Wang Jiansheng and the independent non-executive Directors are Mr. Liu Jin, Mr. Li Liuqing, Mr. Yeung Yui Yuen Michael and Ms. Zhao Jun.

** For identification purpose only*