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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)**

## **VOLUNTARY ANNOUNCEMENT**

### **PROGRESS OF TOWNSHIP COAL-TO-GAS CONVERSION PROJECTS IN HENAN**

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

The Company is pleased to announce that the coal-to-gas conversion projects have successively commenced in townships of various counties and cities such as Lankao, Weishi, Wugang and Xichuan in Henan Province since mid-July this year. As at the date of this announcement, a total of 506,000 households had been developed; construction commenced for 330,000 households, involving 748 villages. Construction was completed for 90,000 households, and gas connection had been available for the first batch of households, with the number of on-site construction workers reaching 10,000. Based on the existing implementation progress, the Company is confident that it will achieve the goal of commencing construction for 600,000 households and completing construction for 300,000 households by the end of this year.

For capital arrangements, in May 2018, the Group and subsidiaries of Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司) (“**Yuzi Holding**”) jointly established Henan Yuzi Tianlun New Energy Investment Fund Centre (河南豫資天倫新能源投資基金中心) (limited partnership) (the “**Fund**”), with a total committed capital contribution of RMB10 billion, of which the initial capital contribution of RMB1 billion had been fully paid by the parties on 13 July 2018. The Fund, government subsidies, policy banks and financial institutions will provide long-term capital support for the coal-to-gas conversion projects and make full use of the advantages of the partners to gradually generate economies of scale and effectively lower construction and operation cost.

For gas source supply, the Company carries out cooperation with the LNG plants of China Natural Gas Guangyuan (華油廣元) under Kunlun Energy Limited (“**Kunlun Energy**”) in contracted processing, which will supply the Company with 300 million cubic metres of self-owned gas each year. Other than those sold to customers in northern Sichuan Province and southern Shaanxi Province, most LNG will be transmitted to Henan Province to provide gas source support for township coal-to-gas conversion projects in Henan Province. Furthermore, the Company and Kunlun Energy are also conducting negotiations about further cooperation in expanding gas source supply. Moreover, the Company has established Shanghai Tian Lun Natural Gas Co., Ltd. (上海天倫天然氣有限公司) in Shanghai Free-Trade Zone, which has obtained LNG import qualification. It is also discussing with three major oil suppliers in the PRC, being PetroChina, Sinopec and CNOOC, about the “window period” of terminals and negotiating with overseas gas suppliers including B.B Energy, Vitol and TBBV.

For policy support, the Central Committee of the Communist Party of China and the State Council issued the Strategic Plan for Rural Revitalization (2018-2022) in September 2018, which expressly requires the acceleration of the strengthening of the weak links in the rural infrastructure. It is expected that during the years starting from 2018 to 2022 the investment in rural infrastructure construction may reach RMB4.52 trillion. In particular, natural gas, as an essential rural infrastructure like water, electricity and telecommunications, will become an important area of investment and enter a stage of rapid development.

As a large province in China in terms of population and economy, Henan had approximately 1,900 townships and 15 million township residents as at the end of 2017, which represents a large population living in concentrated areas. However, the gas penetration rate in Henan Province currently is lower than 5%. The Board believes that as China continues to publish favourable policies for coal-to-gas conversion and with the Company’s established operation network in Henan Province, its advantages through the cooperation with Yuzi Holding and the successful implementation of coal-to-gas conversion for the first batch of households, the Group’s township coal-to-gas conversion projects in Henan Province will enter a stage of wide and fast implementation.

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

Zhengzhou, the People’s Republic of China, 24 October 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.*