

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



VOLUNTARY ANNOUNCEMENT

Acquisition of 100% Equity Interest in the Target Company in Hebei Province

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

ACQUISITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Henan Tian Lun Gas Group Limited (“**Henan Tian Lun**”, an indirect wholly-owned subsidiary of the Company) recently entered into an equity transfer agreement with an individual (the “**Vendor**”), pursuant to which, Henan Tian Lun agreed to acquire the entire equity interest in Shijiazhuang Jinming Gas Limited (石家莊金明燃氣有限公司) (the “**Target Company**”) from the Vendor at a total consideration of RMB265,000,000 (“**Total Consideration**”).

As at the date of this Announcement, Henan Tian Lun has completed the equity transfer and the change of industry and commerce registration of the Target Company with the Vendor, and the Target Company has become an indirect wholly-owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statement of the Group.

The Total Consideration of the Target Company was determined by the Company and the Vendor after taking consideration of the current asset scale of the Target Company, the operating region of its gas business and customer bases, its profitability as well as the potential operation growth of the Target Company based on arm's length negotiation, and it will be funded from the internal resources of the Group. The Directors take the view that the Total Consideration is fair and reasonable.

REASONS AND BENEFITS OF THE ACQUISITION

Located in the North of China, Hebei Province is one of provinces in the “capital economic cycle”. As of 2017, the population in Hebei Province was 75.19 million, and the GDP in Hebei Province reached approximately RMB3,596.4 billion; Meanwhile, pursuant to “National Economic and Social Development Plan of Beijing-Tianjin-Hebei Region during the 13th Five-Year Plan” (《「十三五」時期京津冀國民經濟和社會發展規劃》), in the future, Beijing, Tianjin and Hebei will form a new synergic mechanism in terms of integration of transportation, protections of ecological environment and the upgrade and transfer of industries, etc.. Shijiazhuang City is the capital city of Hebei Province, and locates in the south central of Hebei Province and along the Bohai Economic Rim. In 2017, the GDP of Shijiazhuang was RMB655.8 billion. Shijiazhuang City locates in the golden zone of the joint development of Beijing, Tianjin and Hebei, 283 kilometres far away from downtown Beijing. Shijiazhuang City is also a city which the implementation of its coastal open-door policy and open financial market was approved by the State Council, as well as the political, economic, technologic, financial, cultural and information center of Hebei Province.

The Target Company's operating area is located in Yuhua District, Shijiazhuang City, Hebei Province. The total population within the operating area is about 900,000. In addition to the existing households heated by gas, currently, there are still seven large-scale urban villages which are being demolished steadily, while real estate developers such as Sunac, R&F, Country Garden and Evergrande have had a presence into, and at least 110,000 residential users will move into in the next three years. Some of the developed communities within the operating area are heated by gas-fired boilers. Since 2014, the number of installations of heating boilers ranges from 20 to 60 tons per year. Conservatively, at least 30 tons of additional gas-fired boilers can be installed each year, which will result in a stable increase of the gas sales. At the same time, the Target Company's operating area locates in the main urban area of Shijiazhuang, within which there are a large number of commercial users that have not been developed. With the strengthening of the implementation of no coal and no liquefied gas in the urban area of Shijiazhuang City, the development prospects of commercial users are promising in the future. The air pollution prevention work program introduced by the State and policy-type subsidies on a continuous basis will also have a positive impact on the Target Company's coal-to-gas business and industrial and commercial user development in the operating area.

The Target Company has secured gas source from Hebei Natural Gas Company, which is conducive to its stable development in the future. At the same time, the Target Company's business operations are mature and stable. At present, there are 90,000 residential users, 110 industrial and commercial enterprises, and the annual sales volume of gas is about 22 million cubic meters. Through this acquisition, the Group obtained the gas management right in a provincial capital city in the north of China, and formed a contiguous scale effect with the Group's gas projects in cities such as Henan and Shandong, and it will have important strategic value and influence for the future layout in Hebei market and further expanding of the market share in northern China of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company established in the PRC in August 2003 and is principally engaged in natural gas transmission and distribution.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Vendor is independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")).

LISTING RULES IMPLICATIONS

As all the applicable ratio under Rule 14.07 of the Listing Rules in relation to the acquisition of the Target Company are below 5%, therefore, the acquisition of the Target Company does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

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

Zhengzhou, the People's Republic of China, 8 November 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.