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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: 1600)

Voluntary Announcement Formation of Joint Venture

Summary

The Board is pleased to announce that on 21 February 2011, Henan Tian Lun and Mr. Li entered into the Cooperative Agreement, pursuant to which Henan Tian Lun and Mr. Li will jointly contribute capital to form the Joint Venture in the Pingdingshan City to operate the vehicle-use gas and related gas business.

Introduction

This announcement is made voluntarily by China Tian Lun Gas Holdings Limited (the “**Company**”) to provide the investors and shareholders of the Company with further information regarding the Company and its subsidiaries (collectively referred to as the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 21 February 2011, Henan Tian Lun Gas Group Limited (河南天倫燃氣集團有限公司) (formerly known as Hebi Tian Lun Gas Limited) (鶴壁市天倫燃氣有限公司) (“**Henan Tian Lun**”), a wholly-owned subsidiary of the Company and Mr. Li Shihai (李世海) (“**Mr. Li**”) entered into a cooperative agreement (the “**Cooperative Agreement**”), pursuant to which both parties will jointly contribute capital to form a new company (the “**Joint Venture**”) in the Pingdingshan City (the “**Pingdingshan City**”), Henan Province, the PRC within a month upon signing of the Cooperative Agreement for expanding the Group’s vehicle-use gas and related gas business to the Pingdingshan City.

Cooperative Agreement

Date: 21 February 2011.

Parties: (1) Henan Tian Lun; and
(2) Mr. Li.

Registered capital of the Joint Venture: RMB20,000,000.

Place of Incorporation of the Joint Venture: Pingdingshan City.

Amounts contributed to the Joint Venture by the parties and the respective proportion in the registered capital:

- (1) Henan Tian Lun to contribute RMB18,000,000, representing 90% of the registered capital; and
- (2) Mr. Li to contribute RMB2,000,000, representing 10% of the registered capital.

Capital contribution period: Capital shall be contributed in full by Henan Tian Lun and Mr. Li within a month upon signing of the Cooperative Agreement.

Composition of the board of directors of the Joint Venture: The composition of the board of directors of the Joint Venture will consist of three directors, where Henan Tian Lun has the rights to appoint two directors and Mr. Li has the rights to appoint one director. The chairman and legal representative of the Joint Venture shall be assigned by Henan Tian Lun.

INFORMATION ABOUT MR. LI

Mr. Li has years of experience in gas industry. To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Mr. Li is a third party independent of the Company and its subsidiaries, their respective directors, chief executives, substantial shareholders and their respective associates.

REASONS FOR THE INVESTMENTS AND PROSPECT

The Directors (including the independent non-executive Directors) are of a view that since there are over 600 buses and more than 2,000 taxicabs in the Pingdingshan City, modification of private cars for utilizing natural gas is becoming a trend, and that in light of urban economic development and improvement of living standards of residents, the number of buses, taxis and private cars is gradually increasing and as such, the Group's investments in vehicle-use gas business in the Pingdingshan City will have a bright prospect.

After negotiations between Henan Tian Lun, Mr. Li, and Pingdingshan Bus Company (平頂山市公共交通公司), the first gas filling station to be established by the Joint Venture will focus on providing CNG filling services for buses as well as for taxis and private cars which will ensure a stable customer base. The first gas filling station is expected to commence its operations in the second half of 2011.

In the future, leveraging on a large number of customers and social resources accumulated from the vehicle-use gas business in the Pingdingshan City, it will provide the Group with opportunities and convenience to further develop the gas business in the Pingdingshan City.

The vehicle-use gas and related gas business of the Joint Venture will further provide the Group with an opportunity of investing in CNG gas filling business in China, and thus expand the geographic coverage of its operations. Furthermore, the investment will improve the Group's turnover and results, as well as offer a stable cash flow in the near future for the Group.

The Directors (including the independent non-executive Directors) are of a view that the terms of the Cooperative Agreement are fair and reasonable and in the interest of the Group and the shareholders as a whole.

By order of the Board
China Tian Lun Gas Holdings Limited
Mr. Zhang Yingcen
Chairman and executive Director

Hong Kong, 21 February 2011

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