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## **VOLUNTARY ANNOUNCEMENT**

### **Acquisition of 100% Equity Interest in the Target Company in Henan 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) and a vendor recently entered into an equity transfer agreement, pursuant to which Henan Tian Lun agreed to acquire 100% equity interest in Shenqiu County Huixin Natural Gas Company Limited\* (沈丘縣匯鑫天然氣有限公司) (the “**Target Company**”) from the vendor at a total consideration of RMB280 million (the “**Total Consideration**”).

The Total Consideration, which will be financed by the Group’s internal resources, was determined after arm’s length negotiations between the Company and the vendor with reference to the Target Company’s current asset scale, the operating region and customer base of its gas business, its profitability as well as the Target Company’s potential growth in operation. The Directors are of the view that the Total Consideration is fair and reasonable.

*\* For identification purposes only*

As at the date of this announcement, Henan Tian Lun has completed the change of business registration of the Target Company with the vendor.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Company is located at Shenqiu County, Henan Province. The said county, being the eastern gateway of Henan Province, is a juncture connecting the Central Plains Economic Zone and the Eastern China Economic Zone. Shenqiu County has access to the Huaiyang-Xiangcheng pipeline (Huaiyang Distributing Station, PetroChina West-East Gas Pipeline I) gas source, and is planning to commence the use of gas sources provided by Jieshou ENN\* (界首新奧) and Jieshou Hiter\* (界首海特) through the West-East Gas Pipeline I in the near future. The Target Company's ample gas sources will provide strong support for the Company's future operation. The Target Company's business operation is mature and stable, with 96,000 residential users (55,000 city users and 41,000 township users) and 450 industrial and commercial users. In 2019, the Target Company recorded an annual supply volume of approximately 2,200 ten thousand m<sup>3</sup> for 34,000 connected users. In addition, it has gas pipelines measuring 443 kilometres and covering the county's 19 townships, which means less investment in subsequent works, as well as quick completion of substantial residential projects, can be expected. Shenqiu County has a current population of 1.4 million, with a planned total urban population of 495,000 (or approximately 165,000 households) and a planned total township population of 1.05 million (or approximately 247,500 households) in 2030. The figures suggest that there is huge potential for the future development of residential connection in the county. Shenqiu County has access to a fast and convenient transport network, including the Zhengzhou-Hefei High-speed Railway that commenced operation at the end of 2019 and the Ningluo Expressway that runs through the whole county, which will accelerate the net inflow of migrants to the county's urban area and boost the development of real estate and business in the county. Shenqiu County has actively promoted the process of urban industrialisation, with its added value of industrial enterprises above the designated size ranked third in Zhoukou City. With An'gang Zhoukou Iron and Steel Company Limited\* (安鋼周口鋼鐵有限公司) setting up its operation in the county, rapid development of an iron and steel industrial park with a production capacity of more than ten million tonnes is expected, and the Target Company's gas sales to industrial users will take a quantum leap forward. Moreover, relying on Shaying River Harbour, the only inland harbour connected to rivers and seas in Henan Province, the county regularly sees vessels below 2,000 DWT sail through it. This has resulted in a number of harbour industrial projects mainly related to metallurgy, building materials and new energy. The Target Company currently has long-term and stable co-operation with 51 industrial users, which bodes well for its future development, and a steady increase in its sales volume to industrial users can be expected.

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Through the said acquisition, the Group can further expand the coverage of the Company's coal-to-gas conversion business within Henan Province. Meanwhile, the project will create synergy with the Group's existing city gas projects in Henan Province, and boost the Group's market share within Henan Province.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the People's Republic of China with limited liability in December 2003, and is principally engaged in the sales of natural gas, liquefied petroleum gas and gas appliances, and the installation and maintenance of natural gas pipelines (operated with safety licenses). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the vendor is independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

## **IMPLICATIONS UNDER THE LISTING RULES**

As all the applicable ratios under Rule 14.07 of the Listing Rules in relation to the acquisition of the Target Company are below 5%, 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, 22 January 2020

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Liu Min, 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.*