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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)

**DISCLOSEABLE TRANSACTION
PROVISION OF COUNTER GUARANTEE**

THE COUNTER GUARANTEE

References are made to the announcements of the Company dated 27 June 2018, 17 July 2018 and 3 August 2018 and the circular of the Company dated 10 August 2018 in relation to the establishment of the Fund, a limited liability partnership owned as to 59.99%, 40% and 0.01% by Yuzi Development, Henan Tian Lun (an indirect wholly-owned subsidiary of the Company) and Henan Zhongyu as at the date of this announcement.

On 24 June 2020, Yuzi Development entered into the Maximum Amount Entrusted Guarantee Agreement with Yutian New Energy (a subsidiary of the Fund), pursuant to which Yuzi Development agreed to provide guarantee to secure the financing facility granted to Yutian New Energy Group from 9 January 2020 to 12 July 2024 in a maximum outstanding principal amount of RMB3,000,000,000.

The Board announces that on 24 June 2020, Henan Tian Lun entered into the Maximum Amount Counter-guarantee (Pledge) Agreement in favour of Yuzi Development, pursuant to which Henan Tian Lun agreed to provide the Counter Guarantee by pledging the Collateral Subject to Yuzi Development to secure the right of Yuzi Development under the Maximum Amount Entrusted Guarantee Agreement.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of the Counter Guarantee in aggregate exceed(s) 5% but is/are less than 25%, the provision of the Counter Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

As the provision of the Counter Guarantee and the Previous Guarantees are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of the Counter Guarantee and the Previous Guarantees on an aggregated basis exceed(s) 5% but is/are less than 25%, the provision of the Counter Guarantee and the Previous Guarantees in aggregate constitute discloseable transactions of the Company and are thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

References are made to the announcements of the Company dated 27 June 2018, 17 July 2018 and 3 August 2018 and the circular of the Company dated 10 August 2018 in relation to the establishment of the Fund, a limited liability partnership owned as to 59.99%, 40% and 0.01% by Yuzi Development, Henan Tian Lun (an indirect wholly-owned subsidiary of the Company) and Henan Zhongyu as at the date of this announcement.

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THE MAXIMUM AMOUNT COUNTER-GUARANTEE (PLEDGE) AGREEMENT

The principal terms of the Maximum Amount Counter-guarantee (Pledge) Agreement are set out as follows:

Date: 24 June 2020

Parties: (i) Henan Tian Lun (as counter-guarantor and pledgor); and
(ii) Yuzi Development (as guarantor of Yutian New Energy Group and pledgee)

Scope: The scope of guarantee under the Maximum Amount Counter-guarantee (Pledge) Agreement covers all the debts (the “**Debts**”) incurred for the provision of guarantee by Yuzi Development to secure the financing facility granted to Yutian New Energy Group, including but not limited to: (i) repayment made by Yuzi Development to the Creditor(s) including, among others, the principal, interest, overdue interest, penalty interest, compound interest, liquidated damages, damages and expenses incurred for the recovery of the debts including legal fees; (ii) the expenses incurred for enforcing the pledge and recovering the debts by Yuzi Development including, among others, litigation fees, arbitration fees, property preservation fees, property preservation guarantee fees, travel expenses, communication expenses, execution fees, appraisal fees, auction fees, notary fees, deposit and withdrawal fees, delivery fees, announcement fees, legal fees, etc.; (iii) additional costs calculated at a rate of 0.05% per day for a period from the date of repayment made by Yuzi Development to the date of repayment made by Yutian New Energy based on the actual amount of debts repaid by Yuzi Development; and (iv) guarantee service fees, late payment fees, liquidated damages, interest, compensation, etc. charged by Yuzi Development pursuant to the Maximum Amount Entrustment Guarantee Agreement.

The total amount of the counter-guarantee liability assumed by Henan Tian Lun under the Maximum Amount Counter-guarantee (Pledge) Agreement shall not exceed the value of the Collateral Subject. As at the date of this announcement, Henan Tian Lun has contributed RMB400,000,000 in the Fund.

Term: The term of the Counter Guarantee shall expire upon the Debts being fully repaid.

As advised by our PRC legal advisers, the laws and regulations currently in force in the PRC lack corresponding provisions on the effectiveness of pledges of interests of limited liability partnership, the manner of establishment and the registration authority for such pledges, making it impossible to complete the registration of pledges of interests of limited liability partnership in practice. In order to protect the interest of Yuzi Development under the Maximum Amount Counter-guarantee (Pledge) Agreement, Henan Tian Lun and Yuzi Development agreed that in the event of the Maximum Amount Counter-guarantee (Pledge) Agreement being void or rescinded, Henan Tian Lun shall assume full responsibility to the extent of the scope of guarantee provided under the Maximum Amount Counter-guarantee (Pledge) Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MAXIMUM AMOUNT COUNTER-GUARANTEE (PLEDGE) AGREEMENT

Henan Tian Lun establishes the Fund with Yuzi Development and Henan Zhongyu, with the objective of jointly developing the township coal-to-gas conversion project in Henan Province. The entering into of the Maximum Amount Counter-Guarantee (Pledge) Agreement will further enhance the financing capability of the coal-to-gas conversion project company Yutian New Energy. In addition, such agreement is signed for the purpose of Yuzi Development's implementation of future financing plan, and Henan Tian Lun, as a partner of the Fund, agrees to provide counter-guarantee based on its capital contribution in the Fund.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the terms of the Maximum Amount Counter-guarantee (Pledge) Agreement are on normal commercial terms which were agreed upon after arm's length negotiations between the relevant parties, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP, HENAN TIAN LUN, THE FUND, AND YUTIAN NEW ENERGY

The Group and Henan Tian Lun

The Group is principally engaged in gas pipeline connections, transportation and sale of gas, construction and operation of gas stations, production and sale of liquefied natural gas in the PRC.

Henan Tian Lun is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company which is principally engaged in gas operation, development and application of new gas technology.

The Fund and Yutian New Energy

The Fund is a limited liability partnership established in the PRC and is principally engaged in the investment in coal-to-gas conversion projects in the townships in Henan Province, the PRC and the upstream and downstream natural gas industrial chain. As at the date of this announcement, the Fund is owned as to 59.99%, 40% and 0.01% by Yuzi Development, Henan Tian Lun and Henan Zhongyu, respectively.

Yutian New Energy is a company established in the PRC in June 2018 with limited liability and was then owned as to 99.9% and 0.1% by the Fund and Henan Tian Lun, respectively. It is principally engaged in gas technology development and new energy project development and operation. In December 2018, as requested by the government, another controller Yuzi Development was added to Yutian New Energy and it is now owned as to 51%, 29.4% and 19.6% by the Fund, Yuzi Development and Henan Tian Lun Investment Holdings, respectively.

Each of Henan Zhongyu and Yuzi Development is a limited liability company established in the PRC and wholly owned by Yuzi Holding with the principal business being investment holding.

Established in 2011, Yuzi Holding is a provincial investment and financing company established and wholly-owned by Henan Provincial Finance Department as approved by Henan Provincial Government to support the development of urbanization in new form and foster the integrated development of urban and rural areas in Henan Province. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Henan Zhongyu, Yuzi Development, Yuzi Holding and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Henan Tian Lun Investment Holdings is a limited liability company established in the PRC with principal business being investment holding.

As at the date of this announcement, Henan Tian Lun Investment Holdings is owned as to 50%, 25% and 25% by Mr. Zhang Yingcen, our chairman and executive Director of the Company, Ms. Sun Yanxi, the spouse of Mr. Zhang Yingcen, and Mr. Zhang Daoyuan, the son of Mr. Zhang Yingcen.

Although Mr. Zhang and Henan Tian Lun Investment Holdings are connected persons of the Company, as Yutian New Energy is owned as to less than 30% by Henan Tian Lun Investment Holdings, Yutian New Energy is not a connected person of the Company.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of the Counter Guarantee in aggregate exceed(s) 5% but is/are less than 25%, the provision of the Counter Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

As the provision of the Counter Guarantee and the Previous Guarantees are conducted within a 12-month period, the transactions shall be aggregated under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the provision of the Counter Guarantee and the Previous Guarantees on an aggregated basis exceed(s) 5% but is/are less than 25%, the provision of the Counter Guarantee and the Previous Guarantees in aggregate constitute discloseable transactions of the Company and are thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Collateral Subject”	40% shares, including any of its derivative interests, in the Fund owned by Henan Tian Lun

“Counter Guarantee”	the counter guarantee provided by Henan Tian Lun by pledging the Collateral Subject to Yuzi Development to secure the right of Yuzi Development under the Maximum Amount Entrusted Guarantee Agreement
“Company”	China Tian Lun Gas Holdings Limited (中國天倫燃氣控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1600)
“Creditor(s)”	the creditor(s) who has granted financing facility to Yutian New Energy Group and is entitled to the security interests provided by Yuzi Development
“Director(s)”	the director(s) of the Company
“Fund”	Henan Yuzi Tianlun New Energy Investment Fund Centre (Limited Partnership)* (河南豫資天倫新能源投資基金中心(有限合伙)), a limited liability partnership established in the PRC and is owned as to 59.99%, 40% and 0.01% by Yuzi Development, Henan Tian Lun and Henan Zhongyu as at the date of this announcement
“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), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Henan Tian Lun Investment Holdings”	Henan Tian Lun Investment Holdings Group Limited* (河南省天倫投資控股集團有限公司), a company established in the PRC with limited liability
“Henan Zhongyu”	Henan Zhongyu Financial Holdings and Equity Investment Management Co., Ltd.* (河南省中豫金控股權投資管理有限公司), a company established in the PRC with limited liability

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Amount Counter-guarantee (Pledge) Agreement”	the maximum amount counter-guarantee (pledge) agreement dated 24 June 2020, entered into by Henan Tian Lun in favour of Yuzi Development regarding the Counter Guarantee
“Maximum Amount Entrusted Guarantee Agreement”	the maximum amount entrusted guarantee agreement dated 24 June 2020 entered into between Yuzi Development and Yutian New Energy, pursuant to which Yuzi Development agreed to provide guarantee to secure the financing facility granted to Yutian New Energy Group from 9 January 2020 to 12 July 2024 in a maximum principal amount of RMB3,000,000,000
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Previous Guarantees”	the joint liability guarantees provided by Henan Tian Lun to China Development Bank Henan Branch*(國家開發銀行河南省分行) (the “ Bank ”) pursuant to two guarantee agreements both dated 28 November 2019 entered into between Henan Tian Lun and the Bank with an aggregate amount of guarantee being RMB246,000,000
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yutian New Energy”	Henan Yutian New Energy Limited* (河南豫天新能源有限公司), a subsidiary of the Fund and is owned as to 51%, 29.4% and 19.6% by the Fund, Yuzi Development and Henan Tian Lun Investment Holdings, respectively
“Yutian New Energy Group”	Yutian New Energy and its subsidiaries

“Yuzi Development”	Henan Yuzi Urban and Rural Integration Construction and Development Co., Ltd.* (河南省豫資城鄉一體化建設發展有限公司), a company established in the PRC with limited liability
“Yuzi Holding”	Zhongyuan Yuzi Investment Holding Group Co., Ltd.* (中原豫資投資控股集團有限公司), a company established in the PRC with limited liability
“%”	per cent.

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

Zhengzhou, the PRC, 24 June 2020

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Mr. Liu Min and Ms. Li Tao; 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*