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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

Acquisition of 100% Equity Interest in the Target Company in Shaanxi 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 Zizhou County Shunxiang Natural Gas Company Limited* (子洲縣順祥天然氣有限責任公司) (the “**Target Company**”) from the vendor at a total consideration of RMB108 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*

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is located at Zizhou County, Yulin City, Shaanxi Province, with abundant natural gas reserves, and has a relatively high gas sales dollar margin. The Target Company currently owns the gas sources sold by Shaanxi branch of PetroChina, and such ample gas sources will provide strong support for the Company's future operation. The Target Company's gas market is relatively mature with 50,000 residential users, contributing to an annual gas sales volume of approximately 17.08 million m³ in 2019. According to the urban development plan of Yulin City, the urban population of Zizhou County will reach 90,000 by 2030. As winter in Zizhou County is severely cold and there are no heating company in that region, residents generally install wall-hanging gas heaters or boilers for heating, and hence forming strong support for the future increase of residential-use gas and in-depth development of value-added services. At the same time, the Target Company developed nearly 1,000 industrial and commercial users, and its user penetration rate was relatively high, with a potential to continue expanding its user scale. In addition, the Target Company has a CNG gas filling station with long-term stable operation, and it has built a 56-kilometer long high- and medium-pressure pipeline which basically covers the major operating regions in the urban area, and as investment for follow-up works is small, such can quickly implement the large-scale connection and installation works. Through the acquisition of the Target Company, it will create strategic synergy with the Group's Mizhi County and Wubu County projects operating in Shaanxi Province, and will lay a solid foundation for the Company's further expansion of its gas business coverage in Shaanxi Province.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the People's Republic of China with limited liability in January 2007, and is principally engaged in residential gas supply, the installation of gas appliances and CNG gas filling services. 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**")).

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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, 2 September 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.

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