

*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.*



**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)**

**CONNECTED TRANSACTION  
ACQUISITION OF 36% EQUITY INTEREST  
IN ZHONGJI DADI**

**EQUITY TRANSFER AGREEMENT**

Reference is made to the announcement of the Company dated 19 May 2016 in relation to the intention to accept the Offer.

On 22 May 2016, Henan Tian Lun entered into the Equity Transfer Agreement with the Vendor, pursuant to which Henan Tian Lun agreed to purchase, and the Vendor agreed to sell, 36% equity interest in Zhongji Dadi at an aggregate consideration of RMB191,000,000 in cash.

Before the completion of the Acquisition, the equity interest of Zhongji Dadi is owned as to 51% by Henan Tian Lun and Zhongji Dadi is a non-wholly owned subsidiary of the Company. Upon completion of the transactions contemplated under the Equity Transfer Agreement, the equity interest of Henan Tian Lun in Zhongji Dadi will be increased to 87% and Zhongji Dadi remains as a non-wholly owned subsidiary of the Company.

## **LISTING RULES IMPLICATIONS**

Mr. Zhang is an executive Director and a controlling shareholder of the Company and thus a connected person of the Company. As at the date of this announcement, the equity interest of the Vendor is indirectly owned as to over 50% by Mr. Zhang. Therefore, the Vendor is an associate of Mr. Zhang and thus a connected person of the Company. The Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Equity Transfer Agreement are below 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to, among other things, the reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE ACQUISITION**

Reference is made to the announcement of the Company dated 19 May 2016 in relation to the intention to accept the Offer.

The Board announces that Henan Tian Lun (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement on 22 May 2016, pursuant to which Henan Tian Lun agreed to purchase, and the Vendor agreed to sell, 36% equity interest in Zhongji Dadi at an aggregate consideration of RMB191,000,000 in cash.

## **THE EQUITY TRANSFER AGREEMENT**

Principal terms of the Equity Transfer Agreement are set out as follows:

**Date:**

22 May 2016

**Parties:**

*Purchaser:* Henan Tian Lun

*Vendor:* Engineering Investment Company

**Subject matter:**

Henan Tian Lun agreed to purchase 36% equity interest in Zhongji Dadi from the Vendor.

**Basis for determining consideration and payment method:**

The aggregate consideration for the 36% equity interest in Zhongji Dadi is RMB191,000,000 and shall be payable by Henan Tian Lun in cash. The consideration under the Equity Transfer Agreement is determined between the parties after arm's length negotiations with reference to the existing size of assets, operating area of gas business, customer base and profitability of Zhongji Dadi and the potential operational growth of the Zhongji Dadi.

The consideration under the Equity Transfer Agreement shall be settled in the following manner:

- (a) Henan Tian Lun agreed to pay RMB50,000,000 to the Vendor within 5 days since the effective date of the Equity Transfer Agreement.
- (b) Within 5 days after the completion of changes in industrial and commercial registration, Henan Tian Lun paid RMB141,000,000 to the Vendor.

**FINANCIAL INFORMATION OF ZHONGJI DADI**

Set out below are the key financial figures of Zhongji Dadi for the two years ended 31 December 2015:

	For the year ended 31 December 2014 <i>(RMB)</i> <i>(audited)</i>	For the year ended 31 December 2015 <i>(RMB)</i> <i>(audited)</i>
Profit before taxation and extraordinary items	71,081,921	57,922,964
Profit after taxation and extraordinary items	54,116,874	44,267,807
	As at 31 December 2014 <i>(RMB)</i> <i>(audited)</i>	As at 31 December 2015 <i>(RMB)</i> <i>(audited)</i>
Total assets	417,231,980	419,376,347

The original cost paid by the Vendor for the 36% equity interest in Zhongji Dadi was RMB147,000,000.

## REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

In April 2011, Henan Tian Lun, a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity interest of Zhongji Dadi (details of which are set out in the announcement of the Company dated 21 April 2011). In April 2012, Henan Tian Lun received a “notification letter” jointly issued by the remaining shareholders of Zhongji Dadi (the “**Notification Letter**”), pursuant to which Henan Tian Lun was given the pre-emptive right to acquire the remaining 49% equity interest in Zhongji Dadi, provided that such right must be exercised and the acquisition must be completed within one month of the issuance of the Notification Letter. Otherwise, Henan Tian Lun is deemed to have given up the pre-emptive right and the remaining shareholders of Zhongji Dadi are entitled to transfer their equity interests in Zhongji Dadi to third parties. At the material time, due to time constraint, the Board could not complete the entire approval process (including but not limited to the requirements under the Listing Rules) for the acquisition of the 49% equity interest in Zhongji Dadi in accordance with the requirements of the Notification Letter. As such, in order not to miss the opportunity for acquisition of 100% equity interest of Zhongji Dadi in the future, the Board at the material time resolved to allow the 49% equity interest to be acquired by Engineering Investment Company (a company controlled by Mr. Zhang) (the “**Previous Acquisition**”) so as to provide the Group with the opportunity to fully acquire Zhongji Dadi at a reasonable timing in the future.

With the Group’s constant effort on operation, the operating results of Zhongji Dadi during the few years after the Previous Acquisition has achieved rapid growth, and the northeastern region in which Zhongji Dadi is located has developed into one of the most important core operation areas for the gas business development of the Group. The Board believes that, the further integration of Zhongji Dadi into the Group is beneficial to strengthening the overall management and control of the Group on the gas business in the northeastern region, thus further improving the profitability of Zhongji Dadi. Meanwhile, it helps enhance the size and profitability of the Group, comprehensively promoting the overall development of the Group’s gas business.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreement are on normal commercial terms, and that the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the independent Shareholders taken as a whole.

Save for Mr. Zhang who is also a director of the Vendor and had abstained from voting on the Board resolutions in relation to the Equity Transfer Agreement, no Director has any material interest in the Equity Transfer Agreement or the transactions contemplated thereunder or is required to abstain from voting on the resolutions of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in urban gas business, gas refilling station and production and sale of LNG, long-haul gas pipeline construction and direct supply to industrial users in the PRC. Henan Tian Lun is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in, among others, the business of wholesale and retail of natural gas and liquefied petroleum gas, development and application of new gas technology, and investment in gas business.

## **INFORMATION OF ZHONGJI DADI**

Zhongji Dadi is a company established in the PRC with limited liability and is principally engaged in the urban gas and vehicle-use gas business in northeastern China. The equity interest of Zhongji Dadi is owned as to 51% by Henan Tianlun and 49% by the Vendor immediately before the Acquisition. Immediately upon completion of the Acquisition, the equity interests in Zhongji Dadi will be owned as to 87% by Henan Tian Lun and 13% by Engineering Investment Company.

## **INFORMATION OF THE VENDOR**

The Vendor is a company established in the PRC with limited liability and is principally engaged in investment of gas industry and related business. As at the date of this announcement, the equity interest of the Vendor is indirectly owned as to over 50% by Mr. Zhang.

## **LISTING RULES IMPLICATIONS**

Mr. Zhang is an executive Director and a controlling shareholder of the Company and thus a connected person of the Company. As at the date of this announcement, the equity interest of the Vendor is indirectly owned as to over 50% by Mr. Zhang. Therefore, the Vendor is an associate of Mr. Zhang and thus a connected person of the Company. The Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Equity Transfer Agreement are below 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to, among other things, the reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Acquisition”	the acquisition of 36% equity interest of Zhongji Dadi contemplated under the Equity Transfer Agreement
“associates”	has the same meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	China Tian Lun Gas Holdings Limited (中國天倫燃氣控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed thereto in the Listing Rules
“controlling Shareholder(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 22 May 2016 entered into between Henan Tian Lun and the Vendor in relation to the sale and purchase of 36% equity interest in Zhongji Dadi
“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), an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Yingcen (張瀛岑), an executive Director and a controlling Shareholder
“Offer”	the offer letter dated 13 May 2016 issued by Engineering Investment Company to the Group for the acquisition of 36% equity interest in Zhongji Dadi

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Engineering Investment Company”	Henan Tian Lun Engineering Investment Limited (河南省天倫燃氣工程投資有限公司), a company established in the PRC with limited liability
“Zhongji Dadi”	Jilin Zhongji Dadi Gas Group Limited (吉林省中吉大地燃氣集團有限公司), a company established in the PRC with limited liability
“%”	per cent.

*In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Zhengzhou, the PRC, 23 May 2016

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Feng Yi, Mr. Sun Heng and Ms. Li Tao; the non-executive Director is Mr. Wang Jiansheng and the independent non-executive Directors are Mr. Li Liuqing, Mr. Yeung Yui Yuen Michael, Ms. Zhao Jun and Mr. Cao Zhibin.*