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## **TL Natural Gas Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8536)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF JET UNION TECHNOLOGY LIMITED**

#### **AMENDMENT OF CERTAIN TERMS OF THE TRANSACTION**

#### **BACKGROUND**

Reference is made to the announcement (the “**Previous Announcement**”) of TL Natural Gas Holdings Limited (the “**Company**”) dated 17 December 2019 in relation to the acquisition of the entire issued share capital of Jet Union Technology Limited. Unless the otherwise defined in this announcement, terms used shall have the same meanings as in the Previous Announcement.

#### **SUPPLEMENTAL AGREEMENT**

The Board announces that on 18 December 2019 (after trading hours), the Company, the Vendor, and the Vendor’s Guarantor have entered into a supplemental agreement (the “**Supplemental Agreement**”), which amends certain terms of the Sale and Purchase Agreement. Save for the terms amended below, the other terms of the Sale and Purchase Agreement remain unchanged.

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor (or its nominee(s)) and its/their ultimate beneficial owner(s) and the Vendor’s Guarantor are Independent Third Parties.

#### **1. Revised Consideration and Revised Settlement Terms**

Pursuant to the Supplemental Agreement, the Consideration had been revised to RMB20,029,908 (the “**Revised Consideration**”), which shall be settled by the Company in the following manner (the “**Revised Settlement Terms**”):

- (a) RMB3,000,000 (being approximately equivalent to HK\$3,345,675) (the “**Deposit**”) will be settled in cash within the seven business days of the Supplemental Agreement;

- (b) RMB800,000 (being approximately equivalent to HK\$892,180) will be settled in cash upon Completion;
- (c) RMB9,005,976 (being approximately equivalent to HK\$10,043,690) will be settled by way of issue of 55,490,000 Consideration Shares at an amended issue price of HK\$0.181 (the “**Amended Issue Price**”) per Consideration Share, being the average closing price as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Sale and Purchase Agreement, by the Company out of the General Mandate within seven business days from Completion; and
- (d) RMB7,223,932 (being approximately equivalent to HK\$8,056,310) will be settled by way of issue of convertible bonds with the principal amount of HK\$8,056,310 (the “**Convertible Bonds**”), further details of which are described below.

The Revised Consideration and the Revised Settlement Terms were arrived at after arm’s length negotiations between the Vendor, the Vendor’s Guarantor and the Company after taking into account the factors that were set out in the Previous Announcement and also the terms of the Convertible Bonds as set out below.

## 2. **Conditions Precedent**

Pursuant to the Sale and Purchase Agreement (as amended by the Supplemental Agreement), Completion shall be subject to the following conditions being fulfilled and satisfied on or before Long Stop Date (or such other day as the parties to the Sale and Purchase Agreement may mutually agree in writing):

- (a) the representations, warranties and undertakings given by the Vendor and the Vendor’s Guarantor under the Sale and Purchase Agreement remaining true and accurate and not misleading in any respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the date of Completion;
- (b) there being no breach of any of the terms and conditions set out in the Sale and Purchase Agreement by the Vendor and the Target Company;
- (c) the Listing Division of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the Consideration Shares and the Conversion Shares (as defined below); and
- (d) all necessary relevant approvals and consents (including approvals of the relevant governmental and regulatory authorities) if any, in relation to the Sale and Purchase Agreement and the transactions contemplated therein having been obtained by the Vendor.

The Company may waive in writing the conditions precedent (a) and (b) as set out above at its absolute discretion. The above conditions precedent (c) and (d) shall not be waived. In the event that all conditions precedent above are not being satisfied or waived (as the case may be) on or before the Long Stop Date, and without affecting the liabilities for

any breach of any terms of the Sale and Purchase Agreement, the Vendor shall forthwith return the Deposit in its entirety to the Purchaser, and the Sale and Purchase Agreement and any matters contained thereof and the rights and obligations of the parties pursuant to the Sale and Purchase Agreement shall cease to have any effect. No party shall have any claim against the other in respect of the obligations and liabilities contemplated thereunder in the Sale and Purchase Agreement; provided that (i) non-fulfilment of any of the conditions is not due to the fault or default of the Company or the Vendor; or (ii) there are prior breaches of the terms of the Sale and Purchase Agreement by the Company or the Vendor.

## TERMS OF THE CONVERTIBLE BONDS

On 18 December 2019, the Vendor has entered into a subscription agreement with the Company in respect of the Convertible Bonds to be issued by the Company to the Vendor (or its nominee(s)) upon Completion, the details of which are set out below:

- Issuer : The Company
- Subscriber : The Vendor or its nominee(s)
- Principal Amount : HK\$8,056,310
- Interest rate : The Convertible Bonds do not carry any interest
- Maturity Date : Three (3) years from the date of the issue of the Convertible Bonds, and the principal amount (to the extent that it is not converted into Conversion Shares or redeemed by the Company) shall be repayable upon maturity.
- Redemption by the Company : The Convertible Bonds may be redeemed by the Company at any time prior to the Maturity Date in whole or in part of the outstanding principal amount of the Convertible Bonds.
- Conversion Price : Initial conversion price is HK\$0.181 per Conversion Share (as defined below) (the “**Conversion Price**”), subject to adjustments on the occurrence of any Adjustment Event, which represents:
- (a) a premium of approximately 3.429% to the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the date of this announcement;
  - (b) a premium of approximately 0.556% to the average closing price of HK\$0.180 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Supplemental Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Company, the Vendor and the Vendor Guarantor, taking into account the average closing prices of the Shares prior to signing of the Supplemental Agreement. The Conversion Price is the same as the Amended Issue Price.

- New Share(s) that may be allotted and issued upon exercise of the conversion rights (the “**Conversion Shares**”)
- Conditions precedent for the issue of the Convertible Bonds:
- Adjustment events
- : Based on the initial conversion price of HK\$0.181 per Conversion Share, the number of Conversion Shares that may be allotted and issued upon exercise in full of the conversion rights under the Convertible Bonds is 44,510,000 Conversion Shares.
- : (a) the Listing Division of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the Consideration Shares and the Conversion Shares;
- (b) Completion having occurred or will occur concurrently in accordance with the Sale and Purchase Agreement (as amended by the Supplemental Agreement);
- (c) all necessary relevant approvals and consents have been obtained by the Company and Vendor, such approvals remaining valid and subsisting, and there are been no other rules and regulations that are implemented which would have the effect of prohibiting or materially delaying the issue of the Convertible Bonds; and
- (d) if required under the GEM Listing Rules or other applicable laws and regulations, obtain shareholders' approval for the issue of the Convertible Bonds
- : Provided that the adjustment will not result in the conversion price falling below the nominal value of the Shares, the conversion price shall from time to time be adjusted upon the occurrence of the following events (the “**Adjustment Events**”):
- (a) an alternation of the nominal amount of the Shares by reason of any consolidation or sub-division; or
- (b) an issue of Shares credited as fully-paid to Shareholders by way of capitalisation of profits or reserves, other than in lieu of a cash dividend; or
- (c) a capital distribution.

- Conversion period and restrictions : The conversion rights shall be exercisable up to the maturity date, but provided that the conversion rights under the Convertible Bonds can only be exercised if:
- (a) the Vendor (and/or its nominee(s)) and parties acting in concert with them will control or be interested in, directly or indirectly, such percentage of voting rights of the Company where they would be obliged to make a general offer under the Hong Kong Code on Takeovers and Mergers; and
  - (b) the Company will continue to meet the public float requirements under the GEM Listing Rules after the conversion.

The total number of Conversion Shares that may be issued by the Company shall not exceed the maximum number of Shares that the Company may issue pursuant to the General Mandate (after taking into account the issue of the Consideration Shares). Where such restriction applies, the remaining principal amount of the Convertible Bonds that remains unconverted (whether pursuant to an Adjustment Event or otherwise) shall be repaid by the Company in cash upon maturity of the Convertible Bonds.

## **GENERAL MANDATE**

All the Conversion Shares (and the Consideration Shares) will be allotted and issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 May 2019 to issue and allot up to 100,000,000 Shares, representing 20% of the total number of issued Shares as at the date of passing of such resolution.

Up to the date of this announcement, and save as disclosed in the Previous Announcement, (i) no Shares had been allotted or issued pursuant to the General Mandate, and (ii) the General Mandate would be sufficient for the allotment and issue of the Conversion Shares and the Consideration Shares.

The 55,490,000 Consideration Shares represent approximately 9.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, and the Company will continue to meet the public float requirement under Rule 11.23(7) of the GEM Listing Rules after such issue and allotment.

The conversion price of the Conversion Shares is subject to adjustment in case of an Adjustment Event. If fully converted, the Conversion Shares represent approximately 7.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement. As the Consideration Shares and the Conversion Shares will be allotted and issued pursuant to the General Mandate and are within the limits of the General Mandate, their issue is not subject to any further approval by the Shareholders.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of (a) as at the date of this announcement, (b) upon allotment and issue of the Consideration Shares (assuming there are no other changes in the share capital of the Company from the date of this announcement up to such allotment and issue), and (c) upon full conversion of the Conversion Shares (assuming there are no other changes in the share capital of the Company from the date of this announcement up to the relevant allotment and issue other than the allotment and issue of the Consideration Shares in (b)) are set out below:

Shareholders	(a) As at the date of this announcement		(b) Upon allotment and issue of the Consideration Shares		(c) Upon allotment and issue of the Consideration Shares and full conversion of the Conversion Shares (for illustration purposes only) <sup>(Note 3)</sup>	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Hongsheng Enterprises Limited (“ <b>Hongsheng</b> ”) <i>(Note 1)</i>	266,250,000	53.25	266,250,000	47.93	266,250,000	44.38
Yongsheng Enterprise Limited (“ <b>Yongsheng</b> ”) <i>(Note 2)</i>	108,750,000	21.75	108,750,000	19.58	108,750,000	18.12
The Vendor (or its nominees)	–	–	55,490,000	9.99	100,000,000	16.67
Other public Shareholders	125,000,000	25.00	125,000,000	22.50	125,000,000	20.83
<b>Total</b>	<b>500,000,000</b>	<b>100.00</b>	<b>555,490,000</b>	<b>100.00</b>	<b>600,000,000</b>	<b>100.00</b>

- (1) *As at the date of this announcement, Mr. Liu Yong Qiang directly owns 100% interest of Hongsheng, which in turn holds 266,250,000 shares or approximately 53.25% of the issued Shares of the Company; therefore he is deemed, or taken to be interested in, all the shares held by Hongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Qiang is also deemed to be interested in 108,750,000 Shares or approximately 21.75% of the issued Shares owned by Yongsheng as a result of being a party acting in concert with Mr. Liu Yong Cheng.*
- (2) *As at the date of this announcement, Mr. Liu Yong Cheng directly owns 100% interest of Yongsheng, which in turn holds 108,750,000 shares or approximately 21.75% of the issued Shares of the Company; therefore he is deemed, or taken to be interested in, all the shares held by Yongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Cheng is also deemed to be interested in 266,250,000 Shares or approximately 53.25% of the issued Shares owned by Hongsheng as a result of being a party acting in concert with Mr. Liu Yong Qiang.*
- (3) *The exercise by the Vendor of the conversion right to obtain the Conversion Shares are subject to the restrictions in the Convertible Bonds including the public float requirements under the GEM Listing Rules.*

## **ADDITIONAL INFORMATION ON THE VENDOR AND THE TARGET GROUP**

For information on the Vendor and the Target Group, please refer to the Previous Announcement.

In addition, Lvze Jieneng Technology primarily operates in Dongguan, Guangdong Province, the PRC, and its assets comprises primarily fixed assets including car wash facilities such as water tanks, intellectual property rights including patents for car wash technique, cash and cash equivalents.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares. The Consideration Shares and the Conversion Shares, when allotted and issued, will be credited as fully-paid and rank *pari passu* in all respects with each other and with other Shares in issue at the time of their respective allotment and issue. No application will be made for the listing of the Convertible Bonds.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in relation of the Acquisition are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **GENERAL**

**As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement (as amended by the Supplemental Agreement) and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**TL Natural Gas Holdings Limited**  
**LIU Yong Cheng**  
*Executive Director, Chairman and Chief Executive Officer*

Hong Kong, 18 December 2019

\* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*



*For the purpose of this announcement, the translation of RMB into HK\$ is based on the rate of HK\$1.00 = RMB0.89668. The above conversion rates are for illustrative purpose only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforesaid or any other rates or at all.*

*As at the date of this announcement, the Board comprises Mr. LIU Yong Cheng, Mr. LIU Yong Qiang and Mr. LIU Chunde as executive Directors; and Mr. WONG Chun Peng Stewart, Mr. LI Wai Kwan and Ms. LI Helen Hoi Lam as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at [www.tl-cng.com](http://www.tl-cng.com).*