THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **TL Natural Gas Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities. Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

TL Natural Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8536)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF EVERGREEN LEADER LIMITED; ISSUE OF SHARES UNDER SPECIFIC MANDATE; PROPOSED REFRESHMENT OF GENERAL MANDATE; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS

Lego Corporate Finance Limited
力高企業融資有限公司

A letter from the Board is set out on pages 9 to 26 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 27 to 28 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 58 of this circular.

A notice convening the EGM to be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on 20 March 2020 at 3:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular and the form of proxy for use are enclosed herewith and also published on both the websites of the Stock Exchange (http://www.hkexnews.com.hk) and the Company (www.tl-cng.com).

Whether or not you intend to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 3:00 p.m. on 18 March 2020) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM.

3 March 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, the following expressions have the following meanings, unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendors subject to the terms and conditions of the Sale and Purchase Agreement;
"AGM"	the annual general meeting of the Company held on 3 May 2019;
"Articles of Association"	the amended and restated articles of association of the Company currently in force;
"associates"	has the meaning ascribed to it in the GEM Listing Rules;
"Audit and Risk Management Committee"	the audit and risk management committee of the Board;
"Board"	the board of Directors;
"Building"	a single storey factory erected on the Land bearing postal address No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia;
"Business Day(s)"	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
"CNG"	compressed natural gas;
"Company"	TL Natural Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 24 March 2017, the Shares of which are listed on GEM (Stock Code: 8536);
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement;

"connected person(s)"	has the meaning as ascribed thereto under the GEM Listing Rules;
"Consideration"	the LYQ Consideration and the LYC Consideration;
"Consideration Share(s)"	the new Shares to be allotted and issued at the Issue Price, credited as fully paid, pursuant to the Sale and Purchase Agreement;
"controlling shareholder(s)"	has the same meaning ascribed to it under the GEM Listing Rules;
"Conversion Price"	HK$0.156 per Conversion Share, being the initial conversion price of the Convertible Bonds;
"Conversion Share(s)"	the new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds;
"Convertible Bonds"	the convertible bonds to be issued by the Company pursuant to the Subscription Agreements;
"DC Glove"	DC Glove Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 December 2019, which is owned by an Independent Third Party;
"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on 20 March 2020 at 3:00 p.m. to consider and, if thought fit, to approve the resolutions as set out in the notice of the EGM;
"Enlarged Group"	the Group as enlarged by virtue of the Acquisition;
"Existing General Mandate"	the general mandate granted to the Directors by the resolution of the Shareholders passed at the AGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM;
"GEM"	GEM of the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited;

"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hongsheng"	Hongsheng Enterprise Limited (鴻盛實業有限公司), a company incorporated in the British Virgin Islands with limited liability on 4 October 2016 and a controlling shareholder of the Company, which is wholly owned by Mr. Liu Yong Qiang;
"Hongsheng Subscription Agreement"	the subscription agreement dated 19 January 2020 entered into by the Company and Hongsheng in relation to the issue and the subscription of the Convertible Bonds;
"Independent Board Committee"	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders on the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder;
"Independent Financial Adviser" or "Lego Corporate Finance Limited"	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders;
"Independent Shareholders"	Shareholders other than those who are required to abstain from voting on the relevant resolutions to approve, among other things, the Acquisition, the Specific Mandate and the Refreshment of General Mandate at the EGM;
"Independent Third Party(ies)"	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates;

"Independent Valuer"	Prudential Surveyors (Hong Kong) Limited, an independent valuer appointed by the Company;
"Issue Price"	HK$0.156, being the issue price per Consideration Share pursuant to the terms and conditions of the Sale and Purchase Agreement;
"Jet Union Convertible Bonds"	the convertible bonds in the principal amount of HK$8,056,310 issued by the Company to Stable Development Company Limited on 6 January 2020 pursuant to the Jet Union Subscription Agreement;
"Jet Union SPA"	the sale and purchase agreement dated 17 December 2019 (as amended by the supplemental agreement dated 18 December 2019) entered into by the Company as the purchaser, Stable Development Company Limited as the vendor and Mr. Yu Kin Wai Perway as the vendor's guarantor in relation to the acquisition of the entire issued share capital of Jet Union Technology Limited for a consideration of approximately RMB20.0 million;
"Jet Union Subscription Agreement"	the subscription agreement dated 18 December 2019 entered into by the Company and Stable Development Company Limited in relation to the issue of convertible bonds of the Company in the principal amount of HK$8,056,310;
"KLE Products"	KLE Products Sdn. Bhd., a company incorporated in Malaysia with limited liability, which is wholly owned by VIP Gloves Limited, a company listed on the Australian Stock Exchange (ASX code: VIP) and an Independent Third Party;
"Land"	a piece of leasehold land held under Individual Title HS(D) No. 58970, PT No. 14, Bandar Batu 26, Beranang, District of Ulu Langat, State of Selangor measuring approximately 13,565 sq. m. in area;
"Last Trading Day"	the last trading date prior to the date of execution of the Sale and Purchase Agreement (i.e., 17 January 2020);
"Latest Practicable Date"	24 February 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

"Long Stop Date"	31 July 2020 or such later date as the Company, the Vendor and Mr. Liu may agree in writing;
"LYC Consideration"	MYR8,410,000 (equivalent to approximately HK$15,978,768) for the sale and purchase of the LYC Sale Shares;
"LYC Sale Shares"	14,500 issued and fully paid up shares of the Target Company;
"LYQ Consideration"	MYR20,590,000 (equivalent to approximately HK$39,120,432) for the sale and purchase of the LYQ Sale Shares;
"LYQ Sale Shares"	35,500 issued and fully paid up shares of the Target Company;
"Mr. Liu Yong Cheng"	Mr. Liu Yong Cheng (劉永成), a controlling shareholder of the Company, an executive Director and the elder brother of Mr. Liu Yong Qiang;
"Mr. Liu Yong Qiang"	Mr. Liu Yong Qiang (劉永強), a controlling shareholder of the Company, an executive Director and the younger brother of Mr. Liu Yong Cheng;
"MYR"	Malaysian Ringgit, the lawful currency of Malaysia;
"Oasis Green"	Oasis Green Limited (森發有限公司), a company incorporated in Hong Kong with limited liability, which was wholly owned by the Target Company, an Independent Third Party, as at the Latest Practicable Date;
"PRC"	the People's Republic of China which, for the purposes of circular, excludes Hong Kong, Macau and Taiwan;
"Property"	collectively, the Land and the Building, which was owned by KLE Products prior to the acquisition of the Property by DC Glove;
"Purchaser"	Excellence Enterprise Holdings Limited (卓越實業控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 22 November 2019 and a direct wholly- owned subsidiary of the Company;

"Refreshment of General Mandate"	the new general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at date of passing of the relevant resolution;
"Reorganisation"	a reorganisation to be conducted prior to the Completion which involves (i) the acquisition of the title, ownership and interest in the Property by DC Glove from KLE Products, (ii) the acquisition of the entire equity interest in DC Glove by Oasis Green, and (iii) the acquisition of the entire equity interest in the Target Company by the Vendors;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 19 January 2020 entered into by the Purchaser and the Vendors in respect of the Acquisition;
"Sale Share(s)"	the LYQ Sale Shares and the LYC Sale Shares, representing the entire issued share capital of Target Company;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	the ordinary share(s) of par value of HK$0.01 each in the issued share capital of the Company;
"Share Option Scheme"	the share option scheme adopted by the Company on 20 April 2018, with details set out in the prospectus of the Company dated 8 May 2018;
"Shareholder(s)"	the holder(s) of the Share(s);
"Specific Mandate"	a specific mandate to be sought from the Independent Shareholders at the EGM to satisfy the allotment and issue of the Consideration Shares and the Conversion Shares;
"sq. m."	square metre(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Subscription Agreements"	the Hongsheng Subscription Agreement and the Yongsheng Subscription Agreement;
"Target Company"	Evergreen Leader Limited, a company incorporated in the British Virgin Islands with limited liability on 22 October 2019, which is wholly owned by an Independent Third Party and will be wholly owned by the Vendors upon completion of the Reorganisation;
"Target Group"	the Target Company and its subsidiaries upon completion of the Reorganisation;
"Tenancy Agreement"	the tenancy agreement entered into between DC Glove as landlord and the Tenant on 16 January 2020 in respect of the leasing of the Property;
"Tenant"	VIP Glove Sdn. Bhd., a company incorporated in Malaysia with limited liability on 16 March 2016, which is wholly owned by VIP Gloves Limited, a company listed on the Australian Stock Exchange (ASX code: VIP) and an Independent Third Party;
"US$"	United States dollars, the lawful currency of the United States of America;
"Valuation Report"	the valuation report in respect of the Property prepared by the Independent Valuer, the text of which is set out in Appendix V to this circular;
"Vendors"	Mr. Liu Yong Qiang and Mr. Liu Yong Cheng;
"Waiver"	the waiver from the Executive waiving pursuant to Note 6(b) to Rule 26.1 of the Takeovers Code the obligation of Hongsheng to make a mandatory general offer to the Shareholders under Rule 26 of the Takeovers Code as a result of the allotment and issue of the Consideration Shares to Hongsheng pursuant to the terms and conditions of the Sale and Purchase Agreement;

"Yongsheng"	Yongsheng Enterprise Limited (永盛實業有限公司), a company incorporated in the British Virgin Islands with limited liability on 4 October 2016 and a controlling shareholder of the Company, which is wholly owned by Mr. Liu Yong Cheng;
"Yongsheng Subscription Agreement"	the subscription agreement dated 19 January 2020 entered into by the Company and Yongsheng in relation to the issue and the subscription of the Convertible Bonds; and
"%"	per cent.

For ease of reference and unless otherwise specified in this circular, the translation of MYR into HK$ is based on the approximate rate of HK$1.00 = MYR0.5263 and the translation of US$ into HK$ is based on the rate of US$1.00 = HK$7.80. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK$ at such rate or at any other rates or at all.

TL Natural Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8536)

Executive Directors:
Mr. Liu Yong Cheng
(Chairman and Chief Executive Officer)
Mr. Liu Yong Qiang
Mr. Liu Chunde

Independent Non-executive Directors:
Mr. Wong Chun Peng Stewart
Mr. Li Wai Kwan
Ms. Li Helen Hoi Lam

Registered Office:
Osiris International Cayman Limited
Suite #4-210, Governors Square
23 Lime Tree Bay Avenue, PO Box 32311
Grand Cayman KY1-1209, Cayman Islands

Head Office and Place of Business in the PRC:
Jingzhou Primary Station
Dong Fang Road
Economic Development Zone
Jingzhou City
Hubei Province
the PRC

Place of Business in Hong Kong:
13th Floor
Wah Yuen Building
149 Queen's Road Central
Hong Kong

3 March 2020

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF EVERGREEN LEADER LIMITED; ISSUE OF SHARES UNDER SPECIFIC MANDATE; AND PROPOSED REFRESHMENT OF GENERAL MANDATE

I. INTRODUCTION

Reference is made to the announcement of the Company dated 19 January 2020 in relation to, among other things, the Acquisition, the Specific Mandate and the Refreshment of General Mandate.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition, (ii) details of the Specific Mandate, (iii) details of the Refreshment of General Mandate; (iv) the recommendations from the Independent Board Committee and the Independent Financial Adviser in relation to the Acquisition, the Specific Mandate and the Refreshment of General Mandate; (v) the financial information of the Group; (vi) the financial information of the Target Company and Oasis Green; (vii) the financial information of DC Glove; (vii) the unaudited pro forma financial information of the Enlarged Group; (viii) the valuation report of the Property; and (ix) the notice convening the EGM.

II. ACQUISITION

On 19 January 2020, the Purchaser and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Vendors, and the Vendors have conditionally agreed to sell to the Purchaser, the Sale Shares (representing the entire issued share capital of the Target Company) at the Consideration of MYR29,000,000 (equivalent to approximately HK$55,099,200), which shall be satisfied by the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds upon the Completion.

THE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Sale and Purchase Agreement are set out as follows:

Date: 19 January 2020

Parties: (1) Mr. Liu Yong Qiang (as one of the Vendors);
(2) Mr. Liu Yong Cheng (as one of the Vendors); and
(3) the Purchaser.

Nature of the transaction and assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell to the Purchaser, the LYQ Sale Shares at the LYQ Consideration and the LYC Sale Shares at the LYC Consideration, which are duly allotted and issued and free from all encumbrances, and together with all rights and entitlements attaching thereto as at the Completion.

The Reorganisation

To facilitate the Group's acquisition of the Target Group and the Property, and as one of the conditions precedent under the Sale and Purchase Agreement, the Reorganisation is contemplated, which involves (i) the acquisition of the title, ownership and interest in the Property by DC Glove from KLE Products, (ii) the acquisition of the entire equity interest in DC Glove by Oasis Green, and (iii) the acquisition of the entire equity interest in the Target Company by the Vendors. Given that the current business of KLE Products is manufacturing of conveyor chain parts for rubber making machineries, and that KLE Products only intends to dispose of the Property, and the Group is only acquiring the Property in the current transaction, the Reorganisation is contemplated to delineate the Property from the existing business and operation of KLE Products. As such, KLE Products appointed nominees, being Independent Third Parties, and the Group appointed the Vendors to facilitate the Reorganisation. Upon completion of the Reorganisation, the Vendors will hold the entire equity interest in the Target Company and will indirectly own the entire interest in the Property.

Consideration

Pursuant to the Sale and Purchase Agreement, the LYQ Consideration and the LYC Consideration shall be MYR20,590,000 (equivalent to approximately HK$39,120,432) and MYR8,410,000 (equivalent to approximately HK$15,978,768), respectively. The LYQ Consideration shall be satisfied by (i) the allotment and issue of 118,193,700 Consideration Shares at the Issue Price of HK$0.156 per Consideration Share, and (ii) the issue of the Convertible Bonds in the principal amount of HK$20,682,214.80 to Hongsheng, a company which is wholly owned by Mr. Liu Yong Qiang, upon the Completion. The LYC Consideration shall be satisfied by (i) the allotment and issue of 48,276,300 Consideration Shares at the Issue Price of HK$0.156 per Consideration Shares, and (ii) the issue of the Convertible Bonds in the principal amount of HK$8,447,665.20 to Yongsheng, a company which is wholly owned by Mr. Liu Yong Cheng, upon Completion.

Basis of the Consideration

The Consideration was determined through arm's length negotiation between the Vendors and the Purchaser on a commercial basis with reference to (i) the valuation of the Property, conducted by the Independent Valuer, of MYR30,900,000 (equivalent to approximately HK$58,709,148) as at 31 December 2019, and (ii) the rental income to be generated from the Tenancy Agreement.

The total original acquisition costs of the Sale Shares for the Vendors are equal to the Consideration.

Taking into account of the above, the Directors (including the independent non-executive Directors but excluding the Vendors who have abstained from voting on the relevant Board resolutions) consider that the Consideration is fair, reasonable and on normal commercial terms or better, and the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Completion shall be subject to the following conditions precedent being fulfilled and satisfied on or before the Long Stop Date or such other day as the parties to the Sale and Purchase Agreement may mutually agree in writing:

(a) the Purchaser being satisfied with the completion of the Reorganisation;

(b) the Purchaser being satisfied with the content and conclusion of the Malaysian legal opinions in respect of, among others, DC Glove and the Property;

(c) the Purchaser being satisfied with the results of the due diligence review;

(d) the Purchaser being satisfied that the Sale Shares and the Property are free from all encumbrances;

(e) all necessary consents required to be obtained on the part of the Purchaser and the Vendors in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) having been obtained and remaining in full force and effect;

(f) the passing by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate);

(g) the Stock Exchange granting or agreeing to grant the approval for the listing of and permission to deal in the Consideration Shares and the Conversion Shares and such approval not having been revoked;

(h) the Tenancy Agreement having been entered into between DC Glove and the Tenant;

(i) the warranties remaining true, accurate and complete in all respects; and

(j) the Purchaser being satisfied that there has not been any material adverse change or effect in respect of the Target Group since the date of the Sale and Purchase Agreement.

None of the Vendors and the Purchaser shall have the right to waive the conditions precedent (a), (b), (e), (f), (g) and (h) as set out above. In the event that any of the conditions precedent are not fulfilled (or waived as the case may be), in each case, on or before the Long Stop Date, the Sale and Purchase Agreement and everything contained in it shall terminate, be null and void, of no further effect and no party to the Sale and Purchase Agreement shall have any liability to any other party, save for any antecedent breaches.

The Purchaser and the Vendors shall use their reasonable endeavours to ensure that the conditions precedent shall be fulfilled by the Long Stop Date.

As at the Latest Practicable Date, condition (h) above has been satisfied.

Completion

The Completion shall take place no later than the Long Stop Date after the conditions precedent to the Sale and Purchase Agreement having been fulfilled (or waived), or such other day as the Purchaser and the Vendors may mutually agree in writing.

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated with those of the Group.

The Tenancy Agreement

The Property shall be subject to the Tenancy Agreement, the principal terms of which are as follows:

Parties	:	(1) DC Glove, as landlord; and (2) The Tenant To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Tenant and its ultimate beneficial owners are Independent Third Parties
Premises	:	The Property
Terms	:	Fixed term of three years, commencing one day after the completion of the acquisition of the Property by DC Glove from KLE Products
Renewal	:	Either party may renew the Tenancy Agreement for another four times with a fixed term of three years each and a maximum of 2% increase in rental payments for each renewal
Rental	:	MYR120,000 (equivalent to approximately HK$227,997) per month, exclusive of utilities and other charges
Deposit	:	MYR1,080,000 (equivalent to approximately HK$2,051,970), equivalent to nine months' rental

ISSUE OF THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought by the Company at the EGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue.

The 166,470,000 Consideration Shares represent:

(i) approximately 29.62% of the total number of issued Shares as at the Latest Practicable Date; and

(ii) approximately 22.85% of the total number of issued Shares as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be issued at the Issue Price of HK$0.156 per Consideration Share, which represents:

(i) a premium of approximately 6.122% to the closing price of HK$0.147 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 6.849% to the average closing price of approximately HK$0.146 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and

(iii) a discount of approximately 1.887% to the average closing price of HK$0.159 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was determined after arm's length negotiations between the Purchaser and the Vendors, with reference to, among others (i) the prevailing market price of the Shares, (ii) the liquidity of the Shares, and (iii) the financial performance of the Group. The Directors (including the independent non-executive Directors but excluding the Vendors who have abstained from voting on the relevant Board resolutions) consider the Issue Price is fair and reasonable and the issuance of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

ISSUE OF THE CONVERTIBLE BONDS

On 19 January 2020, the Company entered into the Subscription Agreements with Hongsheng and Yongsheng, pursuant to which the Company has agreed to issue, and each of Hongsheng and Yongsheng has agreed to subscribe, the Convertible Bonds, the details of which are as follows:

Issuer	:	The Company
Subscribers	:	Yongsheng and Hongsheng

Principal Amount	:	HK$20,682,214.80 (to be issued to and subscribed by Hongsheng); and HK$8,447,665.20 (to be issued to and subscribed by Yongsheng).
Interest rate	:	The Convertible Bonds do not carry any interest.
Maturity Date	:	Three 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	:	The Conversion Price is HK$0.156 per Conversion Share, subject to adjustments on the occurrence of any Adjustment Event (as defined below), which represents: (a) a premium of approximately 6.122% to the closing price of HK$0.147 per Share as quoted on the Stock Exchange on the Last Trading Day; and (b) a premium of approximately 6.849% to the closing price of HK$0.146 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements; and (c) a discount of approximately 1.887% to the average closing price of HK$0.159 per Share as quoted on the Stock Exchange on the Latest Practicable Date. The Conversion Price was arrived at after arm's length negotiations between the Purchaser and the Vendors, taking into account the average closing prices of the Shares prior to signing of the Subscription Agreements. The Conversion Price is the same as the Issue Price.

Conversion Shares	:	Based on the Conversion Price of HK$0.156 per Conversion Share, the maximum number of Conversion Shares that may be allotted and issued upon exercise in full of the conversion rights under the Convertible Bonds is 186,730,000 Conversion Shares. If fully converted, the Conversion Shares represent approximately 33.22% and 20.40% of the total number of issued Shares as at the Latest Practicable Date and as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares, respectively.
Conditions precedent for the issue of the Convertible Bonds	:	(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) the completion of the Subscription Agreements having occurred or will occur concurrently in accordance with the Sale and Purchase Agreement; (c) all necessary relevant approvals and consents have been obtained by the Company and each of Hongsheng and Yongsheng, such approvals remaining valid and subsisting, and there are 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) the Independent Shareholders' approval having been obtained for the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.
Adjustment events	:	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) a general offer obligation under the Hong Kong Code on Takeovers and Mergers in respect of the Shares would not arise; and (b) the Company will continue to meet the public float requirements under the GEM Listing Rules after the conversion.
Transferability	:	The Convertible Bonds are freely transferable subject to the terms and conditions of the Convertible Bonds (including compliance with the GEM Listing Rules and all other applicable laws and regulations), provided that no transfer or assignment of the Convertible Bonds shall be made to any connected person of the Company and its associates without the prior written consent of the Company and the Stock Exchange.
Listing	:	No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM.

EFFECTS ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 562,030,000 Shares in issue. Set out below is the shareholding structure of the Company (a) as at the Latest Practicable Date, (b) immediately upon the allotment and issue of the Consideration Shares, and (c) upon the allotment and issue of the Consideration Shares and full conversion of the Conversion Bonds into the Conversion Shares (assuming that there are no other changes in the share capital of the Company from the Completion up to the relevant allotment and issue):

Shareholders	(a) As at the Latest Practicable Date		(b) Immediately upon the allotment and issue of the Consideration Shares		(c) Upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds into the Conversion Shares (for illustration purposes only) *(Note 3)*	
	Shares	*Approximately %*	*Shares*	*Approximately %*	*Shares*	*Approximately %*
Hongsheng *(Note 1)*	266,250,000	47.37	384,443,700	52.77	517,022,000	56.49
Yongsheng *(Note 2)*	108,750,000	19.35	157,026,300	21.55	211,178,000	23.07
Public Shareholders	187,030,000	33.28	187,030,000	25.68	187,030,000	20.44
Total	**562,030,000**	**100.00**	**728,500,000**	**100.00**	**915,230,000**	**100.00**

Notes:

(1) As at the Latest Practicable Date, Mr. Liu Yong Qiang directly owned 100% of Hongsheng, which in turn held 266,250,000 Shares or approximately 47.37% of the issued Shares; therefore he was 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 was also deemed to be interested in 108,750,000 Shares or approximately 19.35% of the issued Shares owned by Yongsheng as at the Latest Practicable Date as a result of being a party acting in concert with Mr. Liu Yong Cheng.

(2) As at the Latest Practicable Date, Mr. Liu Yong Cheng directly owned 100% of Yongsheng, which in turn held 108,750,000 Shares or approximately 19.35% of the issued Shares; therefore he was 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 was also deemed to be interested in 266,250,000 Shares or approximately 47.37% of the issued Shares owned by Hongsheng as at the Latest Practicable Date as a result of being a party acting in concert with Mr. Liu Yong Qiang.

(3) The exercise of the conversion rights to convert the Convertible Bonds into the Conversion Shares are subject to the restrictions in the Convertible Bonds including but not limited to the public float requirement under the GEM Listing Rules.

NO CHANGE OF CONTROL

Completion of the Acquisition will not result in a change of control of the Company.

INFORMATION ON THE VENDORS, THE PROPERTY, THE TARGET GROUP AND THE TENANT

The Vendors

The Vendors are the controlling shareholders of the Company and the executive Directors. Pursuant to the acting in concert confirmation dated 14 June 2017, the Vendors are acting in concert with each other.

The Property

The Property, which is used for industrial purposes, comprises (i) the Land with a site area of approximately 13,565 sq. m. and (ii) the Building, a single storey factory erected on the Land with a total gross floor area of approximately 7,636 sq. m. (together with approximately 1,605 sq. m. of ancillary buildings). The Property is located at No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia, which is approximately an hour's drive from Kuala Lumpur City Centre. The above information of the Property is extracted from the Valuation Report.

The Target Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 22 October 2019, which is principally engaged in investment holding. Oasis Green is a company incorporated in Hong Kong with limited liability on 11 October 2019, which is principally engaged in investment holding and wholly owned by the Target Company. DC Glove is a company incorporated in Malaysia with limited liability on 3 December 2019 for the purpose of holding and leasing the Property.

The Target Group is in the process of the Reorganisation. Upon completion of the Reorganisation, it is expected that the Target Group will be comprised of the Target Company, Oasis Green and DC Glove, which shall in turn hold the title, ownership and interest in the Property.

Financial information of the Target Group

The Target Company is a holding company whose only asset is the entire equity interest of Oasis Green. The audited net loss (both before and after taxation and extraordinary items) of the Target Company and Oasis Green from 22 October 2019 (being the date of incorporation of the Target Company) to 31 December 2019 was US$1,487 (equivalent to approximately HK$11,599) and the combined audited net asset value of the Target Company and Oasis Green as at 31 December 2019 was US$48,513 (equivalent to approximately HK$378,401). The above financial information of the Target Company and Oasis Green was extracted from the accountants' report of the Target Company and Oasis Green contained in Appendix II to this circular.

Since DC Glove will only become a subsidiary of Oasis Green upon completion of the Reorganisation, the above combined audited financial information did not include those of DC Glove. The audited net loss (both before and after taxation and extraordinary items) of DC Glove from 3 December 2019 (being the date of incorporation of DC Glove) to 31 December 2019 was MYR3,700 (equivalent to approximately HK$7,030) and the audited net liability value of DC Glove as at 31 December 2019 was MYR3,600 (equivalent to approximately HK$6,840). The above financial information of DC Glove was extracted from the accountants' report of DC Glove contained in Appendix III to this circular.

Upon completion of the Reorganisation, the Property, with the valuation of MYR30,900,000 (equivalent to approximately HK$58,709,148), will become part of the Target Group.

The Tenant

The Tenant is a company incorporated in Malaysia with limited liability on 16 March 2016, which is principally engaged in the manufacturing and trading of rubber gloves.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability on 22 November 2019 and is principally engaged in investment holding.

The Group mainly supplies CNG and derives revenue mainly from the distribution of CNG to both retail customers which are mostly vehicular end-users, and wholesale customers which are urban gas companies, gas refuelling station operators and industrial users.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the third quarterly report of the Company for the nine months ended 30 September 2019, in order to diversify the income source of the Group, the Group has been actively considering exploring opportunities in new businesses in the PRC and/or other locations. In particular, in 2013, the PRC government launched the Belt and Road Initiative, referring to the Silk Road Economic Belt (the "**Belt**") and the 21st Century Maritime Silk Road (the "**Road**"), which is a significant development strategy with the intention of promoting economic cooperation among countries along the proposed routes of the Belt and the Road. The countries along the Belt and the Road, such as Indonesia, Malaysia and Thailand, will benefit from their strategic locations. The Directors consider that the Acquisition (i) represents an investment opportunity for the Group to participate in the industrial property market in Malaysia, which is a country along the Belt and the Road, (ii) allows the Group to capitalise on such national policies of the PRC government, and (iii) enhances the Shareholders' value.

It is intended that the Property would be used for investment purposes by leasing out to the Tenant for rental income pursuant to the Tenancy Agreement. The Directors consider that the Tenancy Agreement, which has a fixed term of three years and may be renewed for another four times with a fixed term of three years each, would generate a stable source of income to the Group and would be beneficial to its financial position. The Directors also consider that the Acquisition is commercially favourable for the Group as the Consideration is lower than the valuation of the Property, conducted by the Independent Valuer, of MYR30,900,000 (equivalent to approximately HK$58,709,148) as at 31 December 2019. In addition, the Directors are optimistic about the industrial property market in Malaysia and believe that it may provide the Group with benefits from the long term appreciation in the value of the Property.

Moreover, as the Consideration shall be settled by way of the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds, cash flow of the Group would be reduced whilst the capital base of the Company would be enlarged; therefore, the current and future liquidity position of the Group can be enhanced.

In light of the benefits above, the terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the parties thereto and the Directors (including the independent non-executive Directors but excluding the Vendors who have abstained from voting on the relevant Board resolutions) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS ON THE ACQUISITION

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group in accordance with applicable accounting standards.

Effect on assets and liabilities

The financial effect of the Acquisition on the assets and liabilities of the Group is illustrated in the unaudited pro forma financial information of the Enlarged Group set out in Appendix IV of the circular. According to the unaudited pro forma financial information of the Enlarged Group in Appendix IV of the circular, the total assets of the Group will increase from RMB102.7 million to RMB155.5 million, and its total liabilities will increase from RMB16.7 million to RMB42.8 million as a result of the completion of the Acquisition.

Effect on earnings

Rental income received under the tenancy of the Property will become revenue of the Enlarged Group and it is expected that the rents received net of maintenance costs and other expenses in respect of the Property will be recorded as an additional stream of income and contribute to the future earnings of the Enlarged Group. In addition, the Property will be accounted for as a property held for investment and will be subject to a fair value assessment on an annual basis. The potential appreciation in value of the Property will be recognised and shown in the consolidated financial results of the Enlarged Group.

III. PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

The Existing General Mandate was granted to the Directors pursuant to an ordinary resolution passed at the AGM 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 such resolution.

Reference is made to the announcements of the Company dated 17 December 2019, 18 December 2019 and 6 January 2020 in relation to the Jet Union SPA and the Jet Union Subscription Agreement, pursuant to which the Company acquired the entire issued share capital of Jet Union Technology Limited at the consideration of approximately RMB20.0 million, which was satisfied partly by the allotment and issue of 55,490,000 new Shares at HK$0.181 per Share and the issue of the Jet Union Convertible Bonds, which was converted into 6,540,000 Shares on 7 February 2020 and can be further converted into 37,970,000 new Shares based on the initial conversion price of HK$0.181 per Share. Accordingly, the Existing General Mandate had been fully utilised as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company had 562,030,000 Shares in issue. The Company has not refreshed the Existing General Mandate since it was granted at the AGM.

Subject to the Independent Shareholders' approval of the Refreshment of General Mandate, and assuming that no other Shares will be issued and/or repurchased by the Company on or prior to the date of the EGM, the Shares in issue would be 562,030,000 Shares, which means that under the Refreshment of General Mandate, the Directors would be authorised to issue and allot up to 112,406,000 new Shares, being 20% of the entire issued share capital of the Company as at the Latest Practicable Date.

The Refreshment of General Mandate will, if granted, expire at the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws and regulations of the Cayman Islands to be held, or (iii) the date on which the authority set out in the resolution for the approval of the Refreshment of General Mandate is revoked or varied by the passing of an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

REASONS FOR THE REFRESHMENT OF GENERAL MANDATE

Having considered that (a) the Existing General Mandate had been fully utilised by the Company as at the Latest Practicable Date, and (b) the Refreshment of General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities in a timely manner, which may arise, the Directors (including the independent non-executive Directors but excluding Mr. Liu Yong Cheng and Mr. Liu Yong Qiang who have abstained from voting on the relevant Board resolutions) consider that the grant of the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company had not yet formulated any substantive plan for raising capital by issuing new Shares under the Refreshment of General Mandate.

IV. GEM LISTING RULES IMPLICATIONS

The Acquisition and the Specific Mandate

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 25% but all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Vendors are the controlling shareholders of the Company and the executive Directors, they are connected persons of the Company under the GEM Listing Rules, and the Acquisition, including the allotment and issue of the Consideration Shares and the Conversion Shares under the Specific Mandate, constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In addition, the Vendors have material interests in abovementioned transactions and have abstained from voting on the relevant Board resolutions approving the Acquisition, the Specific Mandate and the transactions contemplated thereunder.

The Refreshment of General Mandate

As the Refreshment of General Mandate is made before the next annual general meeting of the Company, pursuant to Rule 17.42A(1) of the GEM Listing Rules, the Refreshment of General Mandate will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the EGM at which any controlling shareholders of the Company and their associates or, where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of General Mandate.

As Mr. Liu Yong Cheng and Mr. Liu Yong Qiang are the controlling shareholders of the Company, they and their respective associates are required to abstain from voting in favour of the ordinary resolution regarding the proposed grant of the Refreshment of General Mandate at the EGM.

V. IMPLICATIONS UNDER THE TAKEOVERS CODE

Assuming there is no change to the issued share capital of the Company between the Latest Practicable Date and the Completion, Hongsheng and the parties acting in concert with it, in aggregate, own and will own approximately 66.72% of the issued Shares as at the Latest Practicable Date and immediately before the Completion; and will own approximately 74.32% of the then issued Shares as enlarged by the allotment and issue of the Consideration Shares immediately after the Completion. As the direct shareholding of Hongsheng in the Company will increase from approximately 47.37% of the issued Shares as at the date of this submission to approximately 52.77% of the then issued Shares as enlarged by the allotment and issue of the Consideration Shares, immediately after the Completion, the shareholding of Hongsheng in the Company would increase by more than 2% of the issued share capital of the Company and thereby trigger an obligation to make a general offer for Shares not controlled by Hongsheng. Hongsheng has applied to the Executive pursuant to Note 6(b) to Rule 26.1 of the Takeovers Code for a waiver that neither Hongsheng nor persons acting in concert with it will be required to make a mandatory general offer as a result of the allotment and issue of the Consideration Shares to Hongsheng pursuant to the Sale and Purchase Agreement. On 25 February 2020, the Executive has granted the Waiver.

VI. EGM

The notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. At the EGM, ordinary resolutions will be proposed to approve, among other things, the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder by the Independent Shareholders.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of GEM (www.hkgem.com) and the Company (www.tl-cng.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 3:00 p.m. on 18 March 2020 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM if you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

In the case of an appointment of corporate representative by a corporate shareholder (other than a Shareholder which is a Clearing House (as defined in the Articles of Association) (or its nominee)), a copy of the resolution of its directors or other governing body of the Shareholder authorising the appointment of the corporate representative or a form of notice of appointment of corporate representative issued by the Company for such purpose or a copy of the relevant power of attorney, together with an up-to-date copy of the Shareholder's constitutive documents and a list of directors or members of the governing body of the Shareholder as at the date of such resolution, or, as the case may be, power of attorney, certified by a director, secretary or a member of the governing body of that Shareholder and notarised, must be deposited at the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 3:00 p.m. on 18 March 2020 (Hong Kong time)) or the adjourned meeting (as the case may be). For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from 17 March 2020 to 20 March 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 16 March 2020.

The voting in relation to the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder at the EGM will be conducted by way of poll at the EGM.

Any shareholders with a material interest in the Acquisition, the Specific Mandate and the transactions contemplated thereunder are required to abstain from voting on the relevant ordinary resolution(s) approving the Acquisition, the Specific Mandate and the transactions contemplated thereunder. Therefore, Mr. Liu Yong Cheng, Mr. Liu Yong Qiang and their respective associates, who held 375,000,000 Shares (representing 66.72% of the issued Shares as at the Latest Practicable Date) will abstain from voting on the relevant ordinary resolution(s) to be proposed at the EGM.

Mr. Liu Yong Cheng and Mr. Liu Yong Qiang, being the controlling shareholders of the Company, are required to abstain from voting on the resolution approving the Refreshment of General Mandate under Rule 17.42A(1) of the GEM Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely and Mr. Wong Chun Peng Stewart, Mr. Li Wai Kwan and Ms. Li Helen Hoi Lam, has been established to advise the Independent Shareholders on the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder at the EGM.

VII. RECOMMENDATIONS

Your attention is drawn to the recommendation of the Independent Board Committee (as set out on pages 27 to 28 of this circular) and advice of the Independent Financial Adviser (as set out on pages 29 to 58 of this circular) in relation to the Acquisition, the Specific Mandate and the Refreshment of General Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Acquisition, the Specific Mandate and the Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the Acquisition, the Specific Mandate and the Refreshment of General Mandate.

The Directors are of the opinion that the Acquisition, the Specific Mandate and the Refreshment of General Mandate and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM.

Your attention is also drawn to the other information set out in the appendices to this circular.

Yours faithfully,
By and on behalf of the Board
TL Natural Gas Holdings Limited
LIU Yong Cheng
Executive Director, Chairman and Chief Executive Officer

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders:

TL Natural Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8536)

3 March 2020

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF EVERGREEN LEADER LIMITED; ISSUE OF SHARES UNDER SPECIFIC MANDATE; AND PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company (the "**Circular**") dated 3 March 2020 of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to give recommendations to the Independent Shareholders in respect of the Acquisition and the grant of the Specific Mandate and the Refreshment of General Mandate. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the grant of the Specific Mandate and the Refreshment of General Mandate.

We wish to draw your attention to the letter from the Board set out in the section of Letter from the Board in the Circular which contains, among other things, information about the Acquisition and the grant of the Specific Mandate and the Refreshment of General Mandate and the letter of advice from the Independent Financial Adviser set out in the section of Letter from the Independent Financial Adviser in the Circular which contains its advice in respect of the grant of the Specific Mandate and the Refreshment of General Mandate.

Having taken into account the advice from the Independent Financial Adviser, we consider that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the Acquisition is on normal commercial terms. We also consider that the Acquisition and the grant of the Specific Mandate and the Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition and the grant of the Specific Mandate and the Refreshment of General Mandate and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

WONG Chun Peng Stewart *Independent non-executive Director*	**LI Wai Kwan** *Independent non-executive Director*	**LI Helen Hoi Lam** *Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this Circular.

Lego Corporate Finance Limited
力高企業融資有限公司

3 March 2020

To: *The Independent Board Committee and the Independent Shareholders of TL Natural Gas Holdings Limited*

Dear Sirs and Madams,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF EVERGREEN LEADER LIMITED; ISSUE OF SHARES UNDER SPECIFIC MANDATE; AND PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 3 March 2020 (the "**Circular**"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 19 January 2020, according to which on 19 January 2020 (after trading hours), the Purchaser and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase from the Vendors, and the Vendors have conditionally agreed to sell to the Purchaser, the Sale Shares (representing the entire issued share capital of the Target Company) at the Consideration of MYR29,000,000 (equivalent to approximately HK$55,099,200), which shall be satisfied by the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds upon the Completion. Upon the Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated with those of the Group.

In addition, as the Existing General Mandate has been fully utilised by the Company, in order to allow for flexibility to raise further capital to finance future investments and/or for further business development, the Board also proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares up to 20% of the issued Shares as at the date of passing of the relevant resolution at the EGM. Subject to the passing of such resolution at the EGM and based on the total number of 562,030,000 issued Shares assuming that the Company does not issue or repurchase any Shares prior to the EGM, the Refreshment of General Mandate will allow the Directors to issue and allot up to 112,406,000 new Shares, being 20% of the entire issued share capital of the Company as at the Latest Practicable Date.

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 25% but all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the Latest Practicable Date, the Vendors are the controlling shareholders of the Company and the executive Directors. Accordingly, the Vendors are connected persons of the Company under the GEM Listing Rules, and the Acquisition, including the allotment and issue of the Consideration Shares and the Conversion Shares under the Specific Mandate, constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As the Refreshment of General Mandate is made before the next annual general meeting of the Company, pursuant to Rule 17.42A(1) of the GEM Listing Rules, the Refreshment of General Mandate will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the EGM.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve, among others, the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder. According to the Letter from the Board, as Mr. Liu Yong Cheng and Mr. Liu Yong Qiang are the controlling shareholders of the Company, they and their respective associates are regarded as having a material interest different from other Shareholders in the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder, and will therefore be required to abstain from voting on the relevant resolutions at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the three independent non-executive Directors, namely Mr. Wong Chun Peng Stewart, Mr. Li Wai Kwan and Ms. Li Helen Hoi Lam, has been established to advise the Independent Shareholders as regards the terms of the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder.

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the requirements of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders as regards the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder. Our appointment has been approved by the Independent Board Committee.

During the past two years, save for the engagement in connection with the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from the normal professional fees for our services to the Company in connection with the engagement to act as the Independent Financial Adviser, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Group and the Vendors or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to our independence. We are independent under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder.

BASIS OF OUR ADVICE

In formulating our opinions and recommendations, we have reviewed, among others, the Sale and Purchase Agreement, the announcement of the Company dated 19 January 2020, the annual report of the Company for the financial year ended 31 December 2018 (the "**2018 Annual Report**"), the interim report of the Company in relation to the unaudited consolidated results of the Group for the six months ended 30 June 2019 (the "**2019 Interim Report**") and the third quarterly report of the Company for the nine months ended 30 September 2019 (the "**2019 Q3 Report**"). We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations, financial conditions and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; (ii) conducted verbal discussions with the Management regarding the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate, the businesses and future outlook of the Group; and (iii) discussed the valuation methodologies, bases and assumptions adopted for the Valuation Report conducted by the Independent Valuer. We have taken reasonable steps to ensure that such information and statements, and any representation made to us, which we have relied upon in formulating our opinions, are true, accurate and complete in all material respects as of the Latest Practicable Date and the Shareholders shall be notified of any material changes, if any, as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of and reasons for entering into the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. THE ACQUISITION, THE SPECIFIC MANDATE AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

In arriving at our opinions in respect of the Acquisition, the Specific Mandate and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1 Financial information of the Group

The Group mainly supplies CNG and derives revenue mainly from the distribution of CNG to both retail customers which are mostly vehicular end-users, and wholesale customers which are urban gas companies, gas refuelling station operators and industrial users.

Certain financial information of the Group for each of the nine months ended 30 September 2019 and 2018, the two years ended 31 December 2018 and the six months ended 30 June 2019, which was extracted from the 2019 Q3 Report, the 2018 Annual Report and the 2019 Interim Report respectively, is summarized as follows:

Table 1: Financial information of the Group

	For the nine months ended 30 September		**For the year ended 31 December**	
	2019	**2018**	**2018**	**2017**
	(unaudited)	(unaudited)	(audited)	(audited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	55,669	60,613	85,418	65,665
Gross profit	6,024	9,048	16,950	9,262
Profit/(loss) for the period/year attributable to owners of the Company	524	(650)	4,601	(5,417)

	As at 30 June	**As at 31 December**	
	2019	**2018**	**2017**
	(unaudited)	(audited)	(audited)
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	37,788	30,456	31,719
Current assets	64,869	63,358	17,092
Current liabilities	(9,329)	(8,016)	(10,598)
Net current assets	55,540	55,342	6,494
Net assets	85,916	85,798	38,213

For the year ended 31 December 2018

For the year ended 31 December 2018, the revenue of the Group increased by approximately 30.07% to approximately RMB85.42 million from approximately RMB65.67 million for the year ended 31 December 2017, which was mainly attributable to the increased orders from existing wholesale customers and the Group's effort in obtaining order from certain new wholesale customers and expansion of customer base during the year. Profit for the year ended 31 December 2018 attributable to owners of the Company was approximately RMB4.60 million against a loss of approximately RMB5.42 million for the year ended 31 December 2017. Excluding the listing expenses, the Group recorded profit attributable to owners of the Company for each of the years ended 31 December 2017 and 2018 in the amount of approximately RMB6.57 million and approximately RMB9.57 million, respectively. Such year-on-year increase in profit was mainly due to the increase in sales volume while certain fixed costs included in the cost of sales remained stable during the year.

As at 31 December 2018, the Group recorded net current assets and net assets of approximately RMB55.34 million and approximately RMB85.80 million, respectively.

For the nine months ended 30 September 2019

For the nine months ended 30 September 2019, the revenue of the Group decreased by approximately 8.15% to approximately RMB55.67 million from approximately RMB60.61 million for the nine months ended 30 September 2018, which was mainly attributable to a period-over-period decrease in revenue from sales of CNG to wholesale customers of approximately 25.0% with a decrease in both the sales volume and average selling price of CNG, while partly offset by a period-over-period increase in revenue from sales of CNG to retail customers by approximately 5.0% with stable sales volume and a slight increase in average selling price of CNG offered to retail customers. Profit for the nine months ended 30 September 2019 was approximately RMB0.52 million against a loss of RMB0.65 million for the nine months ended 30 September 2018. Excluding the listing expenses, the Group recorded profit attributable to owners of the Company for the nine months ended 30 September 2018 in the amount of approximately RMB4.2 million. According to the 2019 Q3 Report, such year-on-year decrease in profit was mainly attributable to the failure of the Group to fully pass the impact of high procurement cost of the natural gas to the customers in a timely manner due to the pricing guidelines imposed by Hubei Price Bureau and Jingzhou Price Bureau.

2 Information on the Vendors, the Target Group, the Property, the Tenant and the Purchaser

The Vendors

The Vendors are the controlling shareholders of the Company and the executive Directors. Pursuant to the acting in concert confirmation dated 14 June 2017, the Vendors are acting in concert with each other.

The Target Group

The Target Group is in the process of the Reorganisation. Upon completion of the Reorganisation, it is expected that the Target Group will be comprised of the Target Company, Oasis Green and DC Glove, which shall in turn hold the title, ownership and interest in the Property.

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 22 October 2019, which is principally engaged in investment holding. Oasis Green is company incorporated in Hong Kong with limited liability on 11 October 2019, which is principally engaged in investment holding and wholly owned by the Target Company. DC Glove is a company incorporated in Malaysia with limited liability on 3 December 2019, which is incorporated for the purpose of holding and leasing the Property.

As at the Latest Practicable Date, the Target Company is a holding company whose only asset is the entire equity interest of Oasis Green. The audited net loss (both before and after taxation and extraordinary items) of the Target Company and Oasis Green from 22 October 2019 (being the date of incorporation of the Target Company) to 31 December 2019 was US$1,487 (equivalent to approximately HK$11,599) and the combined audited net asset value of the Target Company and Oasis Green as at 31 December 2019 US$48,513 (equivalent to approximately was HK$378,401).

Since DC Glove will only become a subsidiary of Oasis Green upon completion of the Reorganisation, the above combined audited financial information did not include those of DC Glove. The audited net loss (both before and after taxation and extraordinary items) of DC Glove from 3 December 2019 (being the date of incorporation of DC Glove) to 31 December 2019 was MYR3,700 (equivalent to approximately HK$7,030) and the audited net liability value of DC Glove as at 31 December 2019 was MYR3,600 (equivalent to approximately HK$6,840).

Upon completion of the Reorganisation, the Property, with the valuation of MYR30,900,000 (equivalent to approximately HK$58,709,148), will become part of the Target Group.

The Property

The Property, which is used for industrial purposes, comprises (i) the Land with a site area of approximately 13,565 sq. m. and (ii) the Building, a single storey factory erected on the Land with a total floor area of approximately 7,636 sq. m. (together with approximately 1,605 sq. m. of ancillary buildings). The Property is located at No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia, which is approximately an hour's drive from Kuala Lumpur City Centre.

The Tenant

The Tenant is a company incorporated in Malaysia with limited liability on 16 March 2016, which is principally engaged in the manufacturing and trading of rubber gloves.

The Purchaser

The Purchaser is a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability on 22 November 2019 and is principally engaged in investment holding.

3 Reasons for and benefits of conducting the Acquisition and the Specific Mandate and the transactions contemplated thereunder

As disclosed in the 2019 Q3 Report, the Group has been identifying opportunities to diversify its income source and actively considering exploring new business in the PRC or other locations. It is intended that upon the Completion, the Property comprising the Land and the Building, respectively being the land parcels designated for industrial use and a factory in the state of Selangor in Malaysia, would be used for investment purposes by leasing out to the Tenant for rental income pursuant to the Tenancy Agreement.

Accordingly, in assessing the fairness and reasonableness of conducting the Acquisition and the Specific Mandate and the transactions contemplated thereunder, we have primarily considered the future prospect of the industrial property market in Selangor and/or Malaysia, while reference has also been made to the background of the Tenant and the potential enhancement in the liquidity position of the Group.

Future prospect of the industrial property market in Selangor and/or Malaysia

Malaysia's economy sustained a moderate growth in recent years, and is anticipated to grow steadily with the continuous socio-economic enhancement. According to the Department of Statistics of Malaysia (*https://www.dosm.gov.my/v1/index.php*), the gross domestic product of Selangor rose from approximately MYR301,919 million in 2017 to MYR322,592 million in 2018, representing a growth of approximately 6.85%. Also, the approved foreign direct investments in the manufacturing sector has recorded a year-on-year growth of 169% from MYR21.6 billion in 2017 to MYR58 billion in 2018, demonstrating the investors' confidence in the market. According to the National Property Information Centre of Valuation and Property Services Department of Malaysia (*http://napic.jpph.gov.my/portal*), the aggregate transaction of industrial units in primary and secondary markets in Malaysia for the first nine months of 2019 were 4,707 units, which were mostly contributed by Selangor for a significant portion of approximately 35.4%.

On the other hand, based on "Real Estate Highlights" (the "**Knight Frank Report**") for the first half of 2019 as issued by Knight Frank Research, a provider of strategic advice, consultancy services and forecasting as operated by Knight Frank, both prices and rentals of industrial assets in Klang Valley (an area within the state of Selangor in which the Property is located) have been resilient in recent years due to limited new supply and sustained demand amongst manufacturers and logistics firms. With reference to "Real Estate Market Outlook 2019 – Malaysia" issued in December 2018 by CBRE | WTW(*http://www.cbre-wtw.com.my/*), a joint venture of CBRE Group, Inc. and C H Williams & Co which provides comprehensive services including but not limited to valuation, market research studies and consultancy, the aggregate transaction values and numbers of industrial properties in Klang

Valley increased by approximately 54.5% and 5.8%, respectively, for the first nine months in 2018 as compared to the first nine months in 2017.

In addition to the relatively solid statistics as mentioned above, it is expected that certain major infrastructure developments in Klang Valley and/or specifically around Selangor shall help enhance the logistics and connectivity within the area, thereby bringing positive impacts to the industrial property market in Selangor in the future. With reference to "Real Estate Market Outlook 2020 – Malaysia" issued in December 2019 by CBRE|WTW, the Kuala Lumpur International Airport Aeropolis Digital Free Trade Zone, is expected to be operational by September 2020, which shall provide cargo and warehouse facilities for e-commerce and logistics industry and hence help stimulating stronger growth in air logistics activities in Klang Valley. On the other hand, development of the West Coast Expressway, which is planned to run from Banting in Selangor and end in Taping in Perak with 21 interchanges, is expected to complete by 2022. By connecting to the existing highways, it is expected that the expressway project will strengthen the demand for logistics and other industrial facilities around the area. Further, according to "Budget 2020" announced by the Minister of Finance of Malaysia (*http://www.bnm.gov.my/*) in October 2019, it would be the national target to make Port Klang, being a principal port of Selangor, as a regional maritime centre and cargo logistics hub combining manufacturing, distribution, cargo consolidation, bunkering and ship repairs, and MYR50 million shall be allocated by the Malaysia government for the repair and maintenance of roads leading to Port Klang. In addition, according to Malaysia Rail Link Sdn Bhd (*http://www.mrl.com.my/en/*), the construction of a new railway express under the Belt and Road Initiative of the PRC government, namely the East Coast Rail Link ("**ECRL**"), which connects the states of Kelantan, Terengganu, Pahang, Negeri Sembilan, WP Putrajaya and Selangor, was started in August 2017, and its operations is expected to commence by the end of 2026. It is expected that the ECRL would help reduce the required freight and shipping time, which is beneficial to the trade and logistics and thus the economic development of the areas along the ECRL. As suggested in the Knight Frank Report for the second half of 2019 as issued in January 2020, the development of the Port Klang and the ECRL shall help support the logistics segment and favour the industrial sector in Selangor, which, among others, is expected to stimulate continuous growth in the industrial property market in Selangor.

Having considered (i) the generally positive performance of the economy and the industrial sector of Malaysia in recent years; and (ii) the ongoing infrastructure developments in Klang Valley and/or specifically around Selangor which would, as discussed previously, ultimately help bringing positive impacts to the industrial property market in Selangor, we are of the view that the prospects of the industry property market in Selangor and/or Malaysia is generally positive in the near future.

Background of the Tenant

It is intended that upon the Completion, the Property would be used for investment purposes by leasing out to the Tenant for rental income for an initial term of three years pursuant to the Tenancy Agreement. With reference to the Circular, the Tenant is a company incorporated in Malaysia and wholly-owned by VIP Gloves Limited, which is in turn a company listed on the Australian Stock Exchange (ASX code: VIP) principally engaged in manufacturing and trading of rubber gloves. According to the latest published annual report of VIP Gloves Limited, the company recorded consolidated revenue of approximately 11.69 million Australian dollars ("**AUD**") (equivalent to approximately HK$61.53 million based on an illustrative exchange rate of HK$1=AUD0.19) for the year ended 30 June 2019 and consolidated net assets of approximately AUD6.20 million (equivalent to approximately HKD32.63 million based on the illustrative exchange rate of HK$1=AUG0.19) as at 30 June 2019. In light of the above including the background of the Tenant, we are of the view that the Tenancy Agreement would generate a stable source of income to the Group.

Potential enhancement in the liquidity position of the Group

Upon discussions with the Management, we learnt that KLE Products offered to sell the Property to the Group for MYR29,000,000, which was lower than the market valuation of the Property of MYR30,900,000 as at 31 December 2019, if the consideration and the upfront deposit of MYR1,800,000 can be settled in cash. Pursuant to the Sale and Purchase Agreements, the Consideration shall be settled by the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds.

Accordingly, by acquiring the equity interest in the Target Company from the Vendors, the Group is not required to pay any deposit and the Consideration in cash, and cash outflow of the Group would be reduced and the liquidity position of the Group would be enhanced, thereby providing the Group with a higher level of flexibility to allocate its resources and reducing the risk of insolvency which shall be in the interests of the Company.

In lights of the aforesaid, we are of the view that in addition to the Company's existing principal business of distribution of CNG in the PRC, the Acquisition would help diversify its income source and enhance the liquidity position of the Group, and that the Acquisition and the Specific Mandate and the transactions contemplated thereunder are in the interest of the Company and the Independent Shareholders as whole.

4 Principal terms of the Acquisition, the Sale and Purchase Agreement, the Subscription Agreements and the transactions contemplated thereunder

The Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Sale Shares to be acquired by the Purchasers comprise the LYC Sale Shares and the LYQ Sale Shares, representing approximately 29% and approximately 71% of the issued share capital of the Target Company, respectively.

The Consideration for the Sale Shares is MYR29,000,000 (equivalent to approximately HK$55,099,200) and comprises (i) the LYC Consideration in the amount of MYR8,410,000 (equivalent to approximately HK$15,978,768) in respect of the sale and purchase of the LYC Sale Shares; and (ii) the LYQ Consideration in the amount of MYR20,590,000 (equivalent to approximately HK$39,120,432) in respect of the sale and purchase of the LYQ Sale Shares. Pursuant to the Sale and Purchase Agreement, the LYC Consideration shall be settled by (i) the allotment and issue of 48,276,300 Consideration Shares at the Issue Price of HK$0.156 per Consideration Shares; and (ii) issue of the Convertible Bonds in the principal amount of HK$8,447,665.20 to Yongsheng, a company which is wholly owned by Mr. Liu Yong Cheng, upon the Completion. The LYQ Consideration shall be settled by (i) the allotment and issue of 118,193,700 Consideration Shares at the Issue Price of HK$0.156 per Consideration Shares; and (ii) issue of the Convertible Bonds in the principal amount of HK$20,682,214.80 to Hongsheng, a company which is wholly owned by Mr. Liu Yong Qiang, upon the Completion.

The Issue Price, being HK$0.156 per Consideration Share, represents:

(i) a premium of approximately 6.12% to the closing price of HK$0.147 per Share (the "**Last Closing Price**") as quoted on the Stock Exchange on the last trading day prior to the date of the Sale and Purchase Agreement and/or the Subscription Agreements;

(ii) a premium of approximately 6.85% to the average closing price of approximately HK$0.146 per Share (the "**Average Closing Price**") as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement and/or the Subscription Agreements; and

(iii) a discount of approximately 1.89% to the closing price of HK$0.159 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

With reference to the Letter from the Board, the Issue Price was determined after arm's length negotiations between the Purchaser and the Vendors, with reference to, among others, (i) the prevailing market price of the Shares; (ii) the liquidity of the Shares, and (iii) the financial performance of the Group.

The Consideration Shares, being 166,470,000 Shares, represent:

(i) approximately 29.62% of the total issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 22.85% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Property shall be subject to the Tenancy Agreement entered into between DC Glove as landlord and the Tenant on 16 January 2020. Pursuant to the Tenancy Agreement, the Tenant is obliged to pay the full amount of the rental for an initial term of three years, as well as a deposit which is equivalent to nine months' rental as security and as an earnest of performance obligations under the Tenancy Agreement. In the event of early termination of the Tenancy Agreement, the Tenant is required to compensate the Group the outstanding rental for remainder term. As set out in the section headed "**A.3. Reasons for and benefits of conducting the Acquisition and the Specific Mandate and the transactions contemplated thereunder**" of this letter, the Tenant is wholly-owned by a company listed on the Australian Stock Exchange with solid recent financial performance. In light of the above mechanisms and clauses under the Tenancy Agreement which favour DC Glove and/or the Company as well as the background of the Tenant, we concur with the view of the Directors and are satisfied with the recoverability.

For further details on the principal terms of the transactions contemplated under the Sale and Purchase Agreement and the Tenancy Agreement, please refer to the section headed "**THE SALE AND PURCHASE AGREEMENT**" in the Letter from the Board.

The Subscription Agreements

In consideration of the issue of the Convertible Bonds for settling part of the Consideration under the Sale and Purchase Agreement, on 19 January 2020, the Company entered into the Subscription Agreements with Hongsheng and Yongsheng, pursuant to which the Company has agreed to issue and each of Hongsheng and Yongsheng has agreed to subscribe the Convertible Bonds in the principal amounts of HK$20,682,214.80 and HK$8,447,665.20, respectively.

The Conversion Price is HK$0.156 per Consideration Share, subject to adjustments on the occurrence of any Adjustment Event, and represents:

(i) a premium of approximately 6.12% to the Last Closing Price of HK$0.147 per Share;

(ii) a premium of approximately 6.85% to the Average Closing Price of HK$0.146 per Share; and

(iii) a discount of approximately 1.89% to the closing price of HK$0.159 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

With reference to the Letter from the Board, the Conversion Price was arrived at after arm's length negotiations between the Purchaser and the Vendors, taking into account the average closing prices of the Shares prior to signing of the Subscription Agreements.

The Convertible Bonds do not carry any interest, and the term to maturity shall be three years from the date of the issue of the Convertible Bonds.

Based on the initial Conversion Price of HK$0.156 per Conversion Share, the maximum number of Conversion Shares that may be allotted and issued upon exercise in full of the conversion rights under the Convertible Bonds is 186,730,000 Shares, which represent:

(i) approximately 33.22% of the total issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 20.40% of the total issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

For further details on the principal terms of the transactions contemplated under the Subscription Agreements, please refer to the section headed **"ISSUE OF THE CONVERTIBLE BONDS"** in the Letter from the Board.

4.1 Assessment of the Consideration

The Consideration amounts to MYR29,000,000 (equivalent to approximately HK$55,099,200). Based on our review of the relevant sale and purchase agreement, the consideration payable by DC Glove to KLE Products for the acquisition of the Property is MYR29,000,000, which is equivalent to the Consideration payable by the Company to the Vendors. As confirmed by Oasis Green, as part of the Reorganisation, Oasis Green will acquire the entire equity interest in DC Glove after DC Glove has acquired the Property, and the consideration payable by Oasis Green to acquire DC Glove will be equivalent to the share capital of DC Glove (i.e. MYR100). Accordingly, there is no difference between the consideration payable by DC Glove to KLE Products for the acquisition of the Property and the Consideration payable by the Company to the Vendors.

As set out in the Letter from the Board, the Consideration was determined through arm's length negotiations between the Vendors and the Purchaser on a commercial basis with reference to: (i) the valuation of the Property, conducted by the Independent Valuer, of MYR30,900,000 (equivalent to approximately HK58,709,148) as at 31 December 2019 (the "**Valuation Date**"), and (ii) the rental income to be generated from the Tenancy Agreement.

In assessing the fairness and reasonableness of the Consideration, we have primarily taken into account the appraised value of the Property as at 31 December 2019 based on the Valuation Report, details of which are set out in Appendix V to the Circular.

For the purpose of our assessment, we have reviewed the Valuation Report and conducted interviews with the Independent Valuer regarding, among others, its experience, independence and the principal bases and assumptions adopted therein. Based on our review of the relevant information provided by the Independent Valuer as well as the independent research conducted from the public domain, the Independent Valuer is a professional service firm with a presence in Hong Kong for over 30 years which provides valuation services on properties ranging from office buildings, industrial and mixed-use developments, and possesses experience in valuing properties in Malaysia. The Independent Valuer has confirmed its independence from the Group, the Target Group, the Vendors and their respective connected persons as at the Latest Practicable Date. The Independent Valuer has further confirmed that all relevant material information, including the bases and assumptions adopted in arriving at the opinion, are set out in the Valuation Report and there are no other material relevant information or representations relating to the Property as provided or made by the Company to the Independent Valuer not having been included therein. Upon review of the terms of engagement letter of the Independent Valuer with the Company in respect of the Valuation Report, we consider that the scope of work is appropriate to the opinion required to be given, and we are not aware of any limitation of the scope of work which might have an adverse impact over the degree of assurance given by the Independent Valuer in the Valuation Report.

During our review, we noted that the valuation was conducted based on the key assumptions that (i) the Property is free from encumbrances, restrictions, and outgoings of an onerous nature that could affect its value; (ii) the Company has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted; (iii) the Property has vacant possession and is not subject to tenancy; and (iv) the Property is to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect its value. As advised by the Independent Valuer, the abovementioned assumptions are in line with market practice.

In obtaining the appraised value of the Property, the Independent Valuer has adopted direct comparison method by making reference to comparable transactions available in the market (the "**Property Comparables**"). The Independent Valuer has identified the Property Comparables based on the criteria that (i) the underlying properties were factories erected on land parcel(s); (ii) the underlying properties were located in the same city, being Beranang in Malaysia, as the Property; (iii) the underlying advertisements were recently published approximately within one month preceding the Valuation Date; and (iv) all information thereof required for conducting the valuation were available. We were given to understand that the Independent Valuer has principally relied upon two property search portals in Malaysia, being iProperty.com.my (*https://www.iproperty.com.my/*) and PropertyGuru (*https://www.propertyguru.com.my/*) as the sources of the market information on the Property Comparables. According to the independent research conducted from the public domain, iProperty.com.my is one of the market property portals in Malaysia with more than 3 million visits every month and is operated by a subsidiary of REA Group Limited, being a digital advertising company specialised in property with extensive footprints in Australia, Singapore, Malaysia and other countries; while PropertyGuru is a property portal in Malaysia which conducted around 3 million real estate transactions every month with 14 years of establishment and with presence in various markets in Asia. Taking into account the above, we are of the view that source of information in obtaining the Property Comparables to be reliable and the Property Comparables are fair and reasonable.

As advised by the Independent Valuer, direct comparison method, which is a commonly adopted valuation approach for valuing market values of industrial properties in Malaysia, was considered as the most appropriate approach in conducting the Valuation given the availability of market information on the Property Comparables and the insufficient market evidences of the Properties available such as income stream and capitalisation rate, whereas other approaches such as depreciated replacement cost approach would be considered only when the market information is insufficient to reach a valid direct comparison. Accordingly, no capitalisation rates for the Property Comparables have been considered or assessed when conducting the Valuation. The Independent Valuer confirmed that it is a normal market practice to value the market values of the industrial properties in Malaysia using the direct comparison method. Based on our independent research, it is noted that direct comparison method has been commonly adopted for valuing properties of other listed companies in Hong Kong. Accordingly, we have relied upon the experience and expertise of the Valuer and have not adopted other valuation approaches to cross-check the valuation. During our review, it is noted that corresponding adjustments have been made to the unit rates of the Property Comparables to reflect the differences in the characteristics of the underlying properties as compared to the Property, and the appraised value of the Property was arrived at based on the average of the adjusted unit rates of the Property Comparables falling in the corresponding normal range of values as considered by the Independent Valuer. It is confirmed by the Independent Valuer that the above methodologies are consistent with the normal market practice for conducting industrial properties.

Based on the above, we consider that the bases and methodologies adopted in arriving at the appraised value of the Property is fair and reasonable.

Taking into account that the Consideration of MYR29,000,000 (equivalent to approximately HK$55,099,200) represents a discount of approximately 6.74% to the net aggregate value of (i) the combined audited net asst value of the Target Company and Oasis Greens as at 31 December 2019 of US$48,513 (equivalent to approximately HK$378,401), details of which are set out in Appendix II to the Circular; (ii) the audited net liability value of DC

Glove as at 31 December 2019 of MYR3,600 (equivalent to approximately HK$6,840), details of which are set out in Appendix III to the Circular; and (iii) the appraised value of the Property as at 31 December 2019 of approximately MYR30,900,000 (equivalent to approximately HK$58,709,148), we are of the view that the Consideration is fair and reasonable.

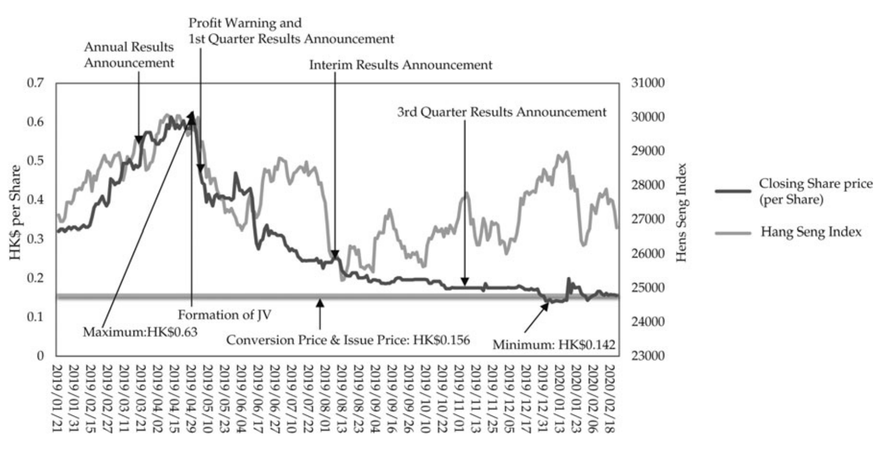
4.2 *Assessment of the Issue Price and the principal terms of the Convertible Bonds*

In assessing the fairness and reasonableness of the Issue Price and the principal terms of the Convertible Bonds including the Conversions Price, we have primarily made reference to (i) the historical price performance of the Shares, and (ii) the comparison with other comparable transactions in the market.

4.2.1 Historical price performance of the Shares

Chart 1 below sets out the daily closing prices of the Shares on the Stock Exchange as well as the daily performance of the Hang Seng Index ("**HSI**") for the period from 21 January 2019 (being the first trading day of the 12-month period immediately prior to the last trading day prior to the date of the Sale and Purchase Agreement and/or the Subscription Agreements) up to and including the Latest Practicable Date (the "**Review Period**").

Chart 1: Daily closing price of the Shares and the daily performance of the HSI during the Review Period



Source: The official website of the Stock Exchange (https://www.hkex.com.hk/)

During the Review Period, closing prices of the Shares ranged from HK$0.142 per Share to HK$0.63 per Share, with an average closing price of approximately HK$0.29 per Share. Accordingly, each of the Issue Price of HK$0.156 per Consideration Share and the Conversion Price of HK$0.156 per Conversion Share represents a discount of approximately 75.24% and approximately 46.21% to the highest and average closing price of the Shares, respectively, and represents a premium of approximately 9.86% over the lowest closing price of the Shares during the Review Period.

As illustrated in the Chart 1, during the period from 21 January 2019 to 29 April 2019 (the "**First Review Period**"), in line with the performance of HSI, closing price of the Shares was generally increasing and reached its maximum value of the Review Period of HK$0.63 per Share on 29 April 2019. Based on the information obtained from the official website of the Stock Exchange, save for the publications by the Company regarding its annual results for the year ended 31 December 2018 on 21 March 2019 (the "**Annual Results Announcement**") which revealed a year-on-year increase in profit for the year (excluding listing expense) and the inside information relating to formation of a joint venture on 28 April 2019 (the "**Formation of JV**"), we were not aware of any announcements issued by the Company relating to the abovementioned movement of the price of the Shares during the First Review Period. As advised by the Management, they were not aware of any reasons that led to the above-mentioned trend of the closing price of the Shares during the First Review Period.

During the period from 30 April 2019 up to and including the Latest Practicable Date (the "**Second Review Period**"), as opposed to the performance of HSI, closing price of the Shares generally exhibited a prolonged decreasing trend and reached its minimum value of the Review Period of HK$0.142 on 8 January 2020, save for rebounds of the closing price of the Shares on 30 May 2019 and 20 January 2020. Save for the publications by the Company regarding a profit warning for the three months ended 31 March 2019 on 3 May 2019 (the "**Profit Warning**"), the first quarterly results for the three months ended 31 March 2019 on 8 May 2019 (the "**1st Quarter Results Announcement**"), the interim results for the six months ended 30 June 2019 on 8 August 2019 (the "**Interim Results Announcement**"), the third quarter results for the nine months ended 30 September 2019 on 7 November 2019 (the "**3rd Quarter Results Announcement**"), the announcement and the supplementary announcement in relation to the acquisition of the entire issued share capital of Jet Union Technology Limited on 17 December 2019 and 18 December 2019 respectively and the announcement in relation to the Acquisition on 19 January 2020, we were not aware of any announcements issued by the Company relating to the overall decreasing trend. As advised by the Management, they were not aware of any reasons that led to the above-mentioned trend of the closing price of the Shares during the Second Review Period.

4.2.2 Comparison with recent comparable transactions

For the purpose of our assessment, considering that the Consideration shall be settled by the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds upon Completion, we have initially attempted to made reference to other comparable acquisition exercises involving issue of both consideration shares and convertible bonds as announced by companies listed on Hong Kong during the period from 20 April 2019 up to and including the date of the Sale and Purchase Agreement and the Subscription Agreements. Yet, on a best-effort basis, we failed to identify any comparables having met the above selection criteria. Accordingly, in assessing the fairness and reasonableness of the Issue Price and the principal terms of the Convertible Bonds, we have alternatively made reference to the respective comparable transactions, details of which are set out below.

Assessment in respect of the Issue Price

With respect to the Issue Price, we have made reference to other comparable acquisition exercises involving issue of consideration shares as announced by companies listed in Hong Kong during the period form 20 April 2019 up to and including the date of the Sale and Purchase Agreement, excluding those (i) as announced by companies under prolonged suspension or debt restructuring; and (ii) issues involving applications for whitewash waiver and/or a change in control of the ultimate beneficial owners of the listed companies. We consider that the review period adopted is reasonably recent and sufficient for providing a general reference to the market practice for the purpose of our assessment.

On a best-effort basis, we have identified an exhaustive list of 21 comparable transactions based on the abovementioned selection criteria (the "**CS Comparables**"). It is worth noting that we have not conducted any independent verification with regard to the businesses and operations of the subject companies of the CS Comparables, and that the businesses, operations, financial positions and prospects of the Company may not be the same as those of the subject companies of the CS Comparables. Notwithstanding the above, our analysis serves as a general reference to the recent market practice in relation to acquisitions involving issue of consideration shares. Set out below in Table 2 is a summary of the CS Comparables.

Table 2: Summary of the CS Comparables

Company Name (Stock Code)	Date of the initial announcement	Premium/(discount) of the issue price over/(to) the closing price per share on the date of the relevant agreement/ last trading day	Premium/(discount) of the issue price over/(to) the average closing price per share on the last five trading days up to and including the date of the relevant agreement/ last trading day
		(Approximate) %	*(Approximate)* %
Greentech Technology International Limited (195)	27/12/2019	(0.21)	0
China Technology Solar Power Holdings Limited (8111)	20/12/2019	29.87	26.58
AviChina Industry & Technology Company Limited (2357)	28/11/2019	19.71	18.83
Food Idea Holdings Limited (8179)	4/10/2019	0	(7.89)
Zhaojin Mining Industry Company Limited (1818)	27/9/2019	(1.21)	(6.47)
United Strength Power Holdings Limited (2337)	19/9/2019	(23.08)	(12.92)
Manfield Chemical Holdings Limited (1561)	10/9/2019	(25.59)	(25.59)
WE Solutions Limited (860)	15/8/2019	38.67	27.76
China Biotech Services Holdings Limited (8037)	13/8/2019	44.90	45.80
Major Holdings Limited (1389)	8/8/2019	5.90	0
China Agroforestry Low-Carbon Holdings Limited (1069)	22/7/2019	(10.00)	22.73
Hao Tian International Construction Investment Group Limited (1341)	12/7/2019	(9.38)	(10.22)
Pan Asia Environmental Protection Group Limited (556)	10/7/2019	0	13.38
Hao Tian Development Group Limited (474)	8/7/2019	11.60	11.10
Mayer Holdings Limited (1116)	11/6/2019	(21.56)	(20.00)
China Digital Culture (Group) Limited (8175)	11/6/2019	16.80	14.90
Affluent Partners Holdings Limited (1466)	10/6/2019	(8.05)	(7.42)
China Biotech Services Holdings Limited (8037)	4/6/2019	51.50	54.80
World-link Logistics (Asia) Holding Limited (6083)	3/6/2019	(6.90)	5.20
Millennium Pacific Group Holdings Limited (8147)	24/5/2019	(15.15)	(15.15)
Jiayuan International Group Limited (2768)	26/4/2019	(3.76)	(4.65)
Maximum		51.50	54.80
Minimum		(25.59)	(25.59)
Average		4.48	6.23
The Company		6.12	6.85

Source: The official website of the Stock Exchange (https://www.hkex.com.hk/)

The underlying issue prices of 13 out of 21 CS Comparables either represented a discount to or were equivalent to the respective closing share prices on the respective dates of relevant agreements or last trading days. Further, the issue prices of the CS Comparables represent a range from a discount of approximately 25.59% to a premium of approximately 51.50% to/over the respective closing share prices of the CS Comparables on the respective dates of the relevant agreements or last trading days (the "**CS Comparables LTD Range**"), with an average of a premium of approximately 4.48% (the "**CS Comparables LTD Average**"). Accordingly, the premium as represented by the Issue Price of approximately 6.12% to the Last Closing Price is above the CS Comparables LTD Average.

The issue prices of the CS Comparables represent a range from a discount of approximately 25.59% to a premium of approximately 54.80% to/over the respective average closing share prices of the CS Comparables on the respective last five trading days up to and including the dates of the relevant agreements or last trading days (the "**CS Comparables 5-day Range**"), with an average premium of approximately 6.23% (the "**CS Comparables 5-day Average**"). Accordingly, the premium as represented by the Issue Price of approximately 6.85% to the Average Closing Price is above the CS Comparables 5-day Average.

Assessment in respect of the principal terms of the Convertible Bonds

In assessing the fairness and reasonableness of the principal terms of the Convertible Bonds including the Conversion Price, interest rate and term to maturity, we have made reference to other comparable acquisition exercises involving issue of convertible bonds or convertible notes announced by companies listed in Hong Kong during the period from 20 July 2019 up to and including the date of the Subscription Agreements, excluding those (i) as announced by companies under prolonged suspension or debt restructuring; and (ii) issues involving applications for whitewash waiver and/or a change in control of ultimate beneficial owners of the listed companies. We consider that the review period adopted is reasonably recent and sufficient for providing a general reference to the market practice for the purpose of our assessment.

On a best-effort basis, we have identified an exhaustive list of six comparable transactions based on the abovementioned selection criteria (the "**CB Comparables**"). It is worth noting that we have not conducted any independent verification with regard to the businesses and operations of the subject companies of the CB Comparables, and that the businesses, operations, financial positions and prospects of the Company may not be the same as those of the subject companies of the CB Comparables. Notwithstanding the above, our analysis serves as a general reference to the recent market practice in relation to acquisitions involving issue of convertible bonds/notes. Set out below in Table 3 is a summary of the CB Comparables.

Table 3: Summary of the CB Comparables

Company Name (Stock Code)	Date of the initial announcement	Interest rate	Term to maturity	Premium/(discount) of the conversion price over/(to) the closing price per share on the date of the relevant agreement/ last trading day	Premium/(discount) of the conversion price over/(to) the average closing price per share on the last five trading days up to and including the date of the relevant agreement/ last trading day
		(Approximate) %	*(Approximate)* *(Year)*	*(Approximate)* %	*(Approximate)* %
Code Agriculture (Holdings) Limited (8153)	6/12/2019	0	4.00	122.22	132.56
Anchorstone Holdings Limited (1592)	21/11/2019	0	2.00	9.09	8.70
Greater China Financial Holdings Limited (431)	17/11/2019	3.40 *(Note 1)*	5.00	405.10	405.10
Kiu Hung International Holdings Limited (381)	12/9/2019	0	3.00	316.67	313.22
Hao Tian International Construction Investment Group Limited (1341)	10/9/2019	5.00	3.00	16.67	16.67
International Entertainment Corporation (1009)	30/4/2019	0	5.00	0	3.06
Maximum		5.00	5.00	405.10	405.10
Minimum		0	2.00	0	3.06
Average		1.40	3.67	144.96	146.55
The Company		0	3	6.12	6.85

Source: The official website of the Stock Exchange (https://www.hkex.com.hk/)

Note:

1. Represents the average interest rate throughout the maturity term of the convertible notes issued by the underlying CB Comparables.

Interest Rate

As shown in Table 3, two out of the six CB Comparables carried interests with the interest rate ranging from 3.40% per annum on average to 5.00% per annum. Accordingly, the term of the Convertible Bonds not carrying any interests favours the Company and conforms to the market practice.

Term to maturity

Term to maturity of the CB Comparables ranged from 2 years to 5 years with an average term of 3.67 years. Accordingly, the term to maturity of the Convertible Bonds of 3 years falls within the aforesaid range.

Conversion Price

Based on the above Table 3, the conversion prices of the CB Comparables represents a range from nil to a premium of approximately 405.10% over the respective closing share prices of the CB Comparables on the respective dates of relevant agreements or last trading days (the "**CB Comparables LTD Range**"), with an average premium of approximately 144.96%. Accordingly, the premium of the Conversion Price of approximately 6.12% to the Last Closing Price falls within the CB Comparables LTD Range.

The conversion prices of the CB Comparables represents a range from a premium of approximately 3.06% to a premium of approximately 405.10% over the respective average closing share prices of the CB Comparables on the respective last five trading days up to and including the dates of relevant agreements or last trading days (the "**CB Comparables 5-day Range**"), with an average premium of approximately 146.55%. Accordingly, the premium of the Conversion Price of approximately 6.85% to the Average Closing Price falls within the CB Comparables 5-day Range.

4.2.3 Conclusion on the determination of the Issue Price and the principal terms of the Convertible Bonds

Conclusion on the determination of the Issue Price

Considering (i) the underlying issue prices of a majority of the CS Comparables either represent a discount to or equivalent to the then prevailing share price; (ii) the premium as represented by the Issue Price over the Last Closing Price is above the CS Comparables LTD Average; (iii) the premium as represented by the Issue Price over the Average Closing Price is above the CS Comparables 5-day Average; (iv) the reasons for and the benefits of the Acquisition, the Specific Mandate and the transactions contemplated thereunder as previously discussed in the section headed "**A3 Reasons for and benefits of the Conducting the Acquisition and the Specific Mandate and the transactions contemplated thereunder**" of this letter; and (v) the generally decreasing trend of the closing price of the Shares during the Second Review Period, which in our view is more recent and hence relevant to our assessment than the First Review Period, we considered the Issue Price of HK$0.156 per Consideration Share to be fair and reasonable.

Conclusion on the determination of the principal terms of the Convertible Bonds

Despite the premiums of the Conversion Price over the Last Closing Price and the Average Closing Price were below the respective corresponding averages of the CB Comparables, considering that (i) the premium of the Conversion Price over the Last Closing Price falls within the CB Comparables LTD Range; (ii) the premium of the Conversion Price over the Average Closing Price falls within the CB Comparables 5-day Range; (iii) the Convertible Bonds did not carry any interest; (iv) the reasons for and benefits of the Acquisition, the Specific Mandate and the transactions contemplated thereunder as previously discussed in the section headed "**A3 Reasons for and benefits of the Conducting the Acquisition and the Specific Mandate and the transactions contemplated thereunder**" of this letter; (v) the generally decreasing trend of the closing price of the Shares during the Second Review Period, which in our view is more recent and hence relevant to our assessment than the First Review Period; and (vi) the Conversion Price is equivalent to the Issue Price which is fair and reasonable, we are of the view that the Conversion Price of HK$0.156 per Conversion Share is fair and reasonable.

Based on the foregoing, we are of the view that the principal terms of the Convertible Bonds including the interest rate, term to maturity and the Conversion Price are fair and reasonable.

In light of the above, we are of the view that the principal terms of the Acquisition, the Specific Mandate and the transactions contemplated thereunder including the Consideration, the Issue Price and the principal terms of the Convertible Bonds are on normal commercial terms, fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

5 Potential dilution effects on the shareholding interests of the existing public Shareholders

As depicted by the table under the section headed **"EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY"** of the Letter from the Board, the aggregate shareholding interests of the public Shareholders would be diluted from approximately 33.28% as at the Latest Practicable Date to 25.67% immediately upon the allotment and issue of the Consideration Shares, representing a dilution of approximately 22.87% in the shareholding interests.

Also, for illustration purpose only, assuming that there are no other changes in the share capital of the Company from Completion up to the relevant allotment and issue, the aggregate shareholding interests of the public Shareholders would be diluted from approximately 33.28% as at the Latest Practicable Date to approximately 20.44% immediately upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds into the Conversion Shares, representing a dilution of approximately 38.58% in the shareholding interest.

In view of (i) the reasons for and the benefits of implementing the Acquisition, taking into account of, among others, the generally positive prospect of the industrial property market in Malaysia as previously discussed; (ii) the terms of the Acquisition, the Specific Mandate and the transactions contemplated thereunder are fair and reasonable as discussed above; and (iii) the potential positive financial impacts on the Group as discussed below, we are of the view that the above potential dilution effects on the shareholding interests of the public Shareholders are acceptable.

6 Financial effects of the Acquisition, the Specific Mandate and the transactions contemplated thereunder

Upon the Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group in accordance with applicable accounting standards.

6.1 Earnings

Rental income received under the tenancy of the Property will become revenue of the Enlarged Group and it is expected that the rents received net of maintenance costs and other expenses in respect of the Property will be recorded as an additional stream of income and contribute to the future earnings of the Enlarged Group. In addition, the Property will be accounted for as a property held for investment and will be subject to a fair value assessment on an annual basis. The potential appreciation in value of the Property will be recognised and shown in the consolidated financial results of the Enlarged Group.

6.2 Assets and liabilities

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, the total assets of the Group will increase from RMB102.7 million to RMB155.5 million, and its total liabilities will increase from 16.7 million to RMB42.8 million as a result of the completion of the Acquisition.

Shareholders should note that the above analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon the Completion.

B. PROPOSED REFRESHMENT OF GENERAL MANDATE

In arriving at our opinions in respect of the Refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

1. Background on and reasons for the proposed Refreshment of General Mandate

The Existing General Mandate was granted to the Directors pursuant to an ordinary resolution passed at the AGM 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 such resolution. As at the Latest Practicable Date, the Existing General Mandate had not been refreshed since it was granted at the AGM and there were 562,030,000 Shares in issue. Subject to the Independent Shareholders' approval of the Refreshment of General Mandate and assuming that no other Shares will be issued and/or repurchased by the Company on or prior to the date of EGM, the Directors would be authorised to issue and allot up to 112,406,000 new Shares under the Refreshment of General Mandate, being 20% of the entire issued share capital of the Company as at the Latest Practicable Date.

Reference is made to the announcements of the Company dated 17 December 2019, 18 December 2019 and 6 January 2020 (the "**Jet Union Announcements**") in relation to the Jet Union SPA and the Jet Union Subscription Agreement, pursuant to which the Company acquired the entire issued share capital of Jet Union Technology Limited at the consideration of approximately RMB20.0 million. The consideration was satisfied partly by the allotment and issue of 55,490,000 new Shares and the issue of the Jet Union Convertible Bonds, which was converted into 6,540,000 Shares on 7 February 2020 and can be further converted into 37,970,000 new Shares based on the initial conversion price. Accordingly, the Existing General Mandate had been fully utilised as at the Latest Practicable Date.

According to the 2019 Q3 Report, despite a period-over-period decrease in the Group's profit (excluding the listing expenses) for the nine months ended 30 September 2019, taking into account of the generally favourable government policies to foster the development of the natural gas sector and stimulate the demand for the use of natural gas, the Group remains optimistic in the consumption of CNG and shall continue to capture the growth potential within the sector in the future. On the other hand, in addition to the business of supply of CNG, it is noted that it has been the Group's business strategy and intention to explore new businesses so as to diversify its business as well as to broaden its income source. For instance, on 28 April 2019, an indirect wholly-owned subsidiary of the Company entered into a memorandum of understanding with Hubei Hongye New Material Technology Co., Ltd. in relation to the establishment of a joint venture to set up a manufacturing base in the PRC for the processing, production and sale of cellulose fibreboard. Also, based on the Jet Union Announcements, Jet Union Technology Limited and its subsidiaries are principally engaged in the automated car wash business in the PRC. Further, in order to, among others, capitalise the Belt and Road

Initiative of the PRC government which aims at promoting economic cooperation among countries along the proposed routes such as Malaysia and Thailand, the Acquisition was conducted which shall enable the Group to tap into industrial property investment in Malaysia. Based on the 2019 Q3 Report and our discussions with the Management, the Company shall continue to seek new business opportunities in the PRC and/or other countries along the Belt and Road Initiative in the future.

As advised by the Management, it is expected that the next annual general meeting of the Company will not be convened until around mid-May 2020. While the Company has not yet formulated any substantive immediate plans for raising capital by issuing new Shares under the Refreshment of General Mandate, there are possibilities that funding requirements or appropriate investment opportunities for developing the above-mentioned businesses and/or other new suitable businesses may arise at any time prior to the next annual general meeting of the Company. In such occasions and in the event that the Existing General Mandate has not yet been refreshed by then, the Company may only be able to conduct equity fund raising exercises by seeking specific mandate from the Shareholders, which may result in extra time and costs as well as the uncertainties on obtaining the Shareholders' approval as compared to raising fund under general mandate, adversely affecting the Company's competitiveness in securing the opportunities and/or bargaining power during the negotiation process with the counterparties. Accordingly, interests of the Company and the Independent Shareholders may be impaired if the Company fails to fulfill any appropriate funding requirements or capture the business opportunities. In contrary, by granting the Refreshment of General Mandate at the EGM, the Company would be provided with flexibilities and capabilities to make prompt decisions and solicit funding in a relatively short period of time so as to grasp any appropriate business opportunities should they arise, which may in turn help enhance the returns to the Independent Shareholders.

Given that the Company does not have any current plans on the proceeds that may be raised from the utilisation of the Refreshment of General Mandate, we have discussed with the Management in relation to the general procedures for making an investment decision and financing decision of the Group. As advised by the Management, whenever a potential investment opportunity arises, the Company will first review and assess the outlook of the relevant industry and should it be positive, the Management will then weigh the acquisition cost of the potential investment against the potential benefits such as potential enhancement in the synergies, revenue, profit and/or assets of the Group. The Company will only make investments should the overall potential benefits outweigh the cost. If an investment opportunity is considered to be appropriate based on the aforesaid assessment, the Management will then choose the most appropriate funding method with reference to the Group's financial position including but not limited to the then cash and bank balances, and borrowings from financial institutions may be considered if the cash and internal resources are insufficient to satisfy the funding needs, taking into consideration of, among others, the relevant borrowing costs and the then gearing ratio of the Group. The Company may also consider to conduct equity financing exercises after taking into account of, among others, the then market price of the Shares and the potential dilution impacts to the shareholding interests of the Shareholders. In light of the aforesaid, we are of the view that the general procedures adopted by the Company for entering into potential investment and financing decisions are fair and reasonable.

Based on the above and considering that (i) the Existing General Mandate had been fully utilised as at the Latest Practicable Date; (ii) the Group's business strategy and intention to develop its existing businesses as well as to continue exploring suitable new business opportunities, and such opportunities may arise at any time prior to the next annual general meeting of the Company; (iii) the grant of the Refreshment of General Mandate would provide the Company with flexibilities and capabilities to issue new Shares within the refreshed limit in a relatively timely manner as and when appropriate; and (iv) the reasons set out in the section below headed "B2. Other financing alternatives" of this letter, we concur with the Directors that the Refreshment of the General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

2. Other financing alternatives

We have enquired with the Company regarding the possibility of fund raising through other means such as debt financing, rights issue and open offer in order to facilitate its future funding requirements.

With respect to debt financing, the Directors are of the view that debt financing will usually incur interest burden on the Group and be subject to lengthy due diligence and negotiations with the financial institutions as well as burdensome documentation preparation. Also, the Directors are of the view that the ability of the Group to obtain bank borrowings depends on the Group's financial position as well as the prevailing market condition, and may be subject to lengthy due diligence process and negotiations with banks. Moreover, debt financing may require pledge of assets and/or other kinds of securities which may potentially impair the Group's flexibility in managing its portfolio and adversely affect the financial position of the Group. Taking the above-mentioned factors into account, the Directors considered debt financing to be relatively time-consuming and costly as compared to equity financing for the Group to obtain additional funding.

With respect to rights issue and open offer, those fund raising methods are considered to be relatively more time consuming and costly than placing exercises under general mandate as additional costs and/or time may be incurred for, among others, (i) preparing relevant administrative and compliance work including but not limited to the preparation for documents including but not limited to the relevant underwriting agreement(s), announcement(s), prospectus and application forms for acceptance; (ii) engaging more professional parties which would lead to an increase in professional fees required, underwriting commissions and/or placing commissions; and (iii) completing the fund raising exercises due to the relatively complicated and time consuming trading arrangements involved. Also, there is no assurance that the Group will be able to procure commercial underwriting for rights issue or open offer at more favourable terms in a timely manner as compared with placing activities as that would be subject to certain factors including but not limited to the then financial position of the Group, the then prevailing market conditions as well as the fund raising scale of the rights issue or open offer. As such, it is considered that rights issue and open offer are relatively sub-optimal fund raising means as compared to issue of new Shares under general mandate.

The Company shall exercise due and careful consideration when choosing the optimal financing method accessible to the Group. Considering the above and taking into consideration that (i) debt financing such as bank borrowings may inevitably incur interest cost and be subject to lengthy negotiations with financial institutions as well as burdensome documentation preparation; (ii) raising funds under general mandate appears to be relatively more cost-effective and efficient than other fund raising methods such as open offer, rights issue and debt financing; and (iii) the reasons for and benefits of the Refreshment of General Mandate previously discussed in the sub-section above headed "B1 Background on and reasons for the proposed Refreshment of General Mandate" of this letter, we concur with the view of the Directors that the Refreshment of General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

3. Potential dilution to the shareholding of the existing public Shareholders

Assuming no Shares will be issued or repurchased by the Company during the period from the Latest Practicable Date up to and including the date of the EGM, 112,406,000 Shares can be issued upon full utilisation of the Refreshment of General Mandate, representing 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares to be issued under the Refreshment of General Mandate.

Considering (i) the reasons for and benefits of the Refreshment of General Mandate as discussed previously in this letter; and (ii) the shareholding interests of all the existing Shareholders will be diluted in proportion to their respective shareholdings upon any utilisation of the Refreshment of General Mandate, we consider that such potential dilution in shareholding interest of the public Shareholders is acceptable.

RECOMMENDATIONS

Having considered the above principal factors and reasons including the potential financial impacts on the Group thereof, we are of the view that (i) the Acquisition, the Specific Mandate and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) the Refreshment of General Mandate is in fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed for approving the Acquisition, the Specific Mandate, the Refreshment of General Mandate and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commissions and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the corporate finance advisory profession

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group is disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tl-cng.com):

- The interim report of the Company for the six months ended 30 June 2019 published on 12 August 2019. Please also see below the link to the interim report 2019:

  https://www1.hkexnews.hk/listedco/listconews/gem/2019/0812/gln20190812077.pdf

- The annual report of the Company for the year ended 31 December 2018 published on 29 March 2019. Please also see below the link to the annual report 2018:

  https://www1.hkexnews.hk/listedco/listconews/gem/2019/0329/gln20190329063.pdf

The above reports are also available at the website of the Company at www.tl-cng.com.

2. INDEBTEDNESS

As at 31 December 2019, the total indebtedness of the Enlarged Group included lease liabilities of approximately RMB8.19 million.

Save as disclosed above, as at 31 December 2019, the Enlarged Group did not have any borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages, charges or any material contingent liabilities or guarantees.

3. WORKING CAPITAL

Taking into account the present financial resources available to the Enlarged Group, including internally generated funds and available credit facilities, the effect of the Acquisition, and in the absence of unforeseeable circumstances, the Directors, after due and careful consideration, are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, which is for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is optimistic on the growth of consumption of CNG along with China improving its energy consumption structure by shifting from coal to cleaner energy such as natural gas and other renewable energy.

In recent years, the PRC government has issued a series of policies to support further development and utilisation of natural gas and natural gas vehicles and to respond to policies issued by the central PRC government. The Jingzhou Municipal Government has followed and implemented various policies to promote the utilisation of natural gas, for example, the Implementation Scheme of Abandonment of Coal-fired Boiler in Jingzhou's Central City Area (荊州市中心城區淘汰燃煤鍋爐實施方案), under which the use of coal-fired thermal power plant boilers shall be phased out and prohibited. According to the Plan of Jingzhou's Urban Integrated Transportation System (2015-2030) (荊州市城市綜合交通體系規劃 (2015-2030)), Jingzhou is also going to increase the number of buses and taxis continuously, in the central area of Jingzhou by 2020, of which most of the buses and taxis are expected to be fueled by natural gas.

In that aspect, the Group believes that the favourable government policies and industry trends in China will foster the development of the natural gas sector and stimulate domestic demand for the use of natural gas. The Group will continue to capture the growth potential resulting from policies and industry trends.

In order to diversify the income source of the Group, the Group has been seeking and exploring opportunities in new businesses in the PRC and/or other locations. In particular, in 2013, the PRC government launched the Belt and Road Initiative, referring to the Silk Road Economic Belt (the "**Belt**") and the 21st Century Maritime Silk Road (the "**Road**"), which is a significant development strategy with the intention of promoting economic cooperation among countries along the proposed routes of the Belt and the Road. The countries along the Belt and the Road, such as Indonesia, Malaysia and Thailand, will benefit from their strategic locations. In addition to the Acquisition, the Group will continue to seek new business opportunities in the PRC and/or other countries along the Belt and the Road in order to capitalise on such national policies of the PRC government

The Directors are of the view that the Group is achieving sustainable growth and will continue to expand going forward to bring greater return to the shareholders of the Company.

I. ACCOUNTANTS' REPORT OF THE TARGET COMPANY AND OASIS GREEN

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
TL Natural Gas Holdings Limited

Dear Sirs,

We report on the historical financial information of Evergreen Leader Limited (the "**Target Company**") and its subsidiaries (the "**Target Group**") set out on pages II-3 to II-17, which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Target Group for the period from 22 October 2019 (date of incorporation) to 31 December 2019 (the "**Relevant Period**"), and the consolidated statement of financial position of the Target Group and the statement of financial position of the Target Company as at 31 December 2019 and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-17 forms an integral part of this report, which has been prepared for inclusion in the circular of TL Natural Gas Holdings Limited (the "**Company**") dated 3 March 2020 (the "**Circular**") in connection with the proposed acquisition of the entire issued share capital of the Target Company (the "**Proposed Acquisition**") by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and Target Company as at 31 December 2019 and of the financial performance and cash flows of the Target Group for the Relevant Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

Dividends

We refer to note 6 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Period.

No historical financial statements for the Target Company

As at the date of this report, no statutory financial statements have been prepared for the Target Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
3 March 2020

II. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in United States dollars ("**US$**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**From 22 October 2019 (date of incorporation) to 31 December 2019** *US$*
REVENUE		–
Cost of sales		–
Gross profit		–
Administrative expenses		(1,487)
LOSS BEFORE TAX	*3*	(1,487)
Income tax expense	*5*	–
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,487)
Attributable to:		
Owners of the Target Company		(1,487)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE TARGET COMPANY		
Basic and diluted	*7*	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2019** *US$*
CURRENT ASSETS		
Prepayments, other receivables and other assets	*9*	251
Due from a shareholder	*12(b)*	50,000
Total current assets		50,251
CURRENT LIABILITIES		
Due to a shareholder	*12(b)*	1,738
Total current liabilities		1,738
NET CURRENT ASSETS		48,513
TOTAL ASSETS LESS CURRENT LIABILITIES		48,513
NET ASSETS		48,513
EQUITY		
Share capital	*10*	50,000
Accumulated loss		(1,487)
TOTAL EQUITY		48,513

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *US$*	Accumulated loss *US$*	Total equity *US$*
At 22 October 2019 (date of incorporation)	–	–	–
Issue of shares	50,000	–	50,000
Loss for the period and total comprehensive loss for the period	–	(1,487)	(1,487)
At 31 December 2019	50,000	(1,487)	48,513

CONSOLIDATED STATEMENT OF CASH FLOWS

	From 22 October 2019 (date of incorporation) to 31 December 2019 *US$*
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(1,487)
Increase in prepayments, deposits and other receivables	(251)
Increase in an amount due to a shareholder	1,738
Net cash flows from operating activities	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	–
Cash and cash equivalents at beginning of period	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	–
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	–

STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	**31 December 2019** *US$*
NON-CURRENT ASSETS		
Investment in a subsidiary	*8*	–
Total current assets		–
CURRENT ASSETS		
Due from a shareholder	*12(b)*	50,000
CURRENT LIABILITIES		
Due to a shareholder	*12(b)*	1,000
Total current liabilities		1,000
Total current assets		49,000
NET CURRENT ASSETS		49,000
TOTAL ASSETS LESS CURRENT LIABILITIES		49,000
NET ASSETS		49,000
EQUITY		
Share capital	*10*	50,000
Accumulated loss		(1,000)
TOTAL EQUITY		49,000

III NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a limited company incorporated in the British Virgin Islands. Its registered office is located at Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands.

The Target Company was an investment holding company during the Relevant Period.

The Target Company is wholly owned by Mr. Lee Choong Choy ("Mr. Lee")

As at the date of this report, the Target Company had direct interest in its subsidiary, which is a private limited liability company, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Target Company	Principal activities
Oasis Green Limited* ("**Oasis Green**")	Hong Kong 11 October 2019	HK$1	100% (direct)	Investment holding

* *No audited financial statements have been prepared for this entity as it was incorporated in 2019.*

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong.

The Historical Financial Information has been prepared under the historical cost convention.

Basis of consolidation

The Historical Financial Information includes the financial information of the Target Company and its subsidiary for the Relevant Period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

The financial information of the subsidiary is prepared for the same reporting period as the Target Company, using consistent accounting policies. The results of subsidiary are consolidated from the date on which the Target Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to shareholders of the Target Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Target Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Target Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Target Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective in the Historical Financial Information. Among the new and revised HKFRSs, the following is expected to be relevant to the Target Group's financial statements upon becoming effective:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

[1] Effective for annual periods beginning on or after 1 January 2020

The amendments to HKAS 1 and HKAS 8 were issued in January 2019 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments are effective for annual reporting periods beginning on or after 1 January 2020 and are not expected to have a significant impact on the Target Group's financial statements upon adoption.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity), and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Financial assets

All the Target Group's financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Target Group commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment

For financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Target Group is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Target Group has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities include an amount due to a shareholder. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the Relevant Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Target Group using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3. LOSS BEFORE TAX

The Target Group's loss before tax is arrived at after charging:

	From 22 October 2019 (date of incorporation) to 31 December 2019
	US$
Incorporation fee	1,487

4. DIRECTOR'S REMUNERATION

Mr. Cheang Ming Seong was appointed as a director of the Target Company on 22 October 2019.

No director received any fees or emoluments in respect of his services rendered to the Target Company during the Relevant Period.

5. INCOME TAX

The Target Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Target Group are domiciled and operate. Pursuant to the rules and regulations of the British Virgin Islands, the Target Company is not subject to any income tax in the British Virgin Islands.

The statutory tax rate for subsidiary in Hong Kong is 16.5%. No provision for Hong Kong profits tax has been made as the Target Group's subsidiary did not generate any assessable profits arising in Hong Kong during the Relevant Period.

6. DIVIDENDS

No dividends have been paid or declared by the Target Company since its incorporation.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE TARGET COMPANY

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

8. INVESTMENT IN A SUBSIDIARY

Target Company

	2019
	US$
Unlisted investment, at cost	–

Oasis Green was incorporated on 11 October 2019 and upon its incorporation, one share of HK$1.00 each was allotted and issued to the initial subscriber, which was transferred to the Target Company at a consideration of HK$1.00 on 12 December 2019.

9. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Target Group

	2019
	US$
Deferred expense	251

10. SHARE CAPITAL

	2019
	US$
Authorised and issued but not fully paid:	
50,000 ordinary shares with a par value of US$1.00 each	50,000

The Target Company was incorporated on 22 October 2019 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each, all of which were allotted and issued on the same date to its shareholder.

11. NOTES TO THE STATEMENT OF CASH FLOWS

Major non-cash transactions

50,000 ordinary shares with a par value of US$1.00 each was issued to the shareholder by the Target Company with no consideration received as at 31 December 2019.

12. RELATED PARTY TRANSACTIONS

(a) The Target Company had following transactions with related parties during the Relevant Period:

	2019
	US$
Expense paid on behalf by the shareholder:	
Mr. Lee	1,738

(b) Outstanding balances with related parties

The balance with the shareholder is unsecured, interest-free and repayable on demand.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Period are as follows:

Target Group

As at 31 December 2019

Financial assets

	Financial assets at amortised cost *US$*
Due from a shareholder	50,000

Financial liabilities

	Financial liabilities at amortised cost *US$*
Due to a shareholder	1,738

Target Company

As at 31 December 2019

Financial assets

	Financial assets at amortised cost *US$*
Due from a shareholder	50,000

Financial liabilities

	Financial liabilities at amortised cost *US$*
Due to a shareholder	1,000

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Target Group did not have any financial assets and liabilities measured at fair value as at 31 December 2019.

Management has assessed that the fair value of an amount due from/to a shareholder to its carrying amount largely due to the short-term maturities of this instrument.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Target Group's financial management policies and practices described below:

Credit risk

The carrying amount of an amount due from a shareholder represents the Target Group's maximum exposure to credit risk in relation to financial assets.

Maximum exposure and period-end staging as at 31 December 2019

The table below show the credit quality and the maximum exposure to credit risk based on the Target Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and period-end at 31 December 2019.

As at 31 December 2019

	12-month expected credit losses	Lifetime expected credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	US$	*US$*	*US$*	*US$*	*US$*
Due from a shareholder					
– Normal	50,000	–	–	–	50,000
	50,000	–	–	–	50,000

The credit quality of an amount due from a shareholder is considered to be "normal" when it is not past due and there is no information indicating that the financial asset had a significant increase in credit risk since initial recognition.

Liquidity risk

In the management of liquidity risk, the Target Group monitors and maintains a level of working capital deemed adequate by the shareholder to finance the Target Company's operations.

The maturity profile of the Target Group's financial liabilities as at 31 December 2019, based on contractual undiscounted payments, is as follows:

31 December 2019

	On demand	**Less than 3 months**	**3 to 12 months**	**'Total**
	US$	*US$*	*US$*	*US$*
Due to a shareholder	1,738	–	–	1,738

16. EVENT AFTER THE REPORTING PERIOD

On 19 January 2020, Mr. Liu Yong Qiang and Mr. Liu Yong Cheng (the "**Purchasers**") and Mr. Lee entered into the Sale and Purchase Agreement, pursuant to which the Purchasers have conditionally agreed to purchase and Mr. Lee has conditionally agreed to sell the entire issued share capital of the Target Company at the consideration of Malaysian Ringgit 29,000,000.

17. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company, the Target Group or any of its subsidiary in respect of any period subsequent to 31 December 2019.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

*The following management discussion and analysis should be read in conjunction with the accountants' report of the Target Group for the period from 22 October 2019 (date of incorporation) to 31 December 2019 (the "**Relevant Period**").*

Set out below is the management discussion and analysis of the Target Group for the Relevant Period.

Financial and business review

The Target Company is a limited company incorporated in the British Virgin Islands. The principal activity of the Target Company is investment holding. Oasis Green Limited is a limited company incorporated in Hong Kong. The principal activity of Oasis Green Limited is investment holding.

The net loss of the Target Group for the Relevant Period was mainly attributable to the administrative expenses.

Liquidity, financial position and capital structure

The total assets of the Target Group was US$50,251 as at 31 December 2019 which comprised prepayments, other receivables and other assets of US$251 and an amount due from a shareholder of US$50,000.

As there was no current liabilities and net liabilities for the Target Group as at 31 December 2019, there was no current ratio and gearing ratio available as at 31 December 2019.

Currency and interest rate exposure

For the Relevant Period, the Target Group did not conduct any business activities and was not exposed to any material foreign currency risk and did not have any formal hedging policies and no financial instrument was used for hedging purpose.

Employment and remuneration policy

As at 31 December 2019, the Target Group had nil employees, and the total amount of remuneration of the Target Group for the Relevant Period was nil.

Significant investments, material acquisitions and disposals of subsidiaries and associated companies

Save for the acquisition of DC Glove Sdn. Bhd. by the Target Group subsequent to the Relevant Period, the Target Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the period under review.

As at 31 December 2019, Target Group did not have any significant investments.

Charges on assets and contingent liabilities

The Target Group did not have any charges on assets and any material contingent liabilities as at 31 December 2019.

Future plans for material investments and acquisition of material capital assets

The Target Group did not have any future plans as at 31 December 2019.

I. ACCOUNTANTS' REPORT OF DC GLOVE

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of inclusion in this circular.

EY 安永

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
TL Natural Gas Holdings Limited

Dear Sirs,

We report on the historical financial information of DC Glove Sdn. Bhd. ("**DC Glove**") set out on pages III-3 to III-14, which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of DC Glove for the period from 3 December 2019 (date of incorporation) to 31 December 2019 (the "**Relevant Period**"), and the statement of financial position of DC Glove as at 31 December 2019 and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages III-3 to III-14 forms an integral part of this report, which has been prepared for inclusion in the circular of TL Natural Gas Holdings Limited (the "**Company**") dated 3 March 2020 (the "**Circular**") in connection with the proposed acquisition of the entire issued share capital of Evergreen Leader Limited (the "**Proposed Acquisition**") by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of DC Glove as at 31 December 2019 and of the financial performance and cash flows of DC Glove for the Relevant Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-3 have been made.

Dividends

We refer to note 6 to the Historical Financial Information which states that no dividends have been paid by DC Glove in respect of the Relevant Period.

No historical financial statements for DC Glove

As at the date of this report, no statutory financial statements have been prepared for DC Glove since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
3 March 2020

II. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of DC Glove for the Relevant Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Malaysian Ringgit ("**MYR**").

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**From 3 December 2019 (date of incorporation) to 31 December 2019** *MYR*
REVENUE		–
Cost of sales		–
Gross profit		–
Administrative expenses		(3,700)
LOSS BEFORE TAX	*3*	(3,700)
Income tax expense	*5*	–
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,700)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF DC GLOVE		
Basic and diluted	*7*	N/A

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 MYR
CURRENT ASSETS		
Due from a shareholder	*11(b)*	100
Prepayments, other receivables and other assets	*8*	1,200
Total current assets		1,300
CURRENT LIABILITIES		
Due to a shareholder	*11(b)*	4,900
Total current liabilities		4,900
NET CURRENT LIABILITIES		(3,600)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,600)
NET LIABILITIES		(3,600)
DEFICIT		
Share capital	*9*	100
Accumulated loss		(3,700)
TOTAL DEFICIT		(3,600)

STATEMENT OF CHANGES IN EQUITY

	Share capital *MYR*	**Accumulated loss** *MYR*	**Total deficit** *MYR*
At 3 December 2019 (date of incorporation)	–	–	–
Issue of shares	100	–	100
Loss for the period and total comprehensive loss for the period	–	(3,700)	(3,700)
At 31 December 2019	100	(3,700)	(3,600)

STATEMENT OF CASH FLOWS

	From 3 December 2019 (date of incorporation) to 31 December 2019
	MYR
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(3,700)
Increase in prepayments, deposits and other receivables	(1,200)
Increase in an amount due to a shareholder	4,900
Net cash flows from operating activities	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	–
Cash and cash equivalents at beginning of period	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	–
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	–

III. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

DC Glove is a limited company incorporated in Malaysia. Its registered office is located at No.21-3, Jalan SP 2/2, Taman Serdang Perdana, 43300 Seri Kembangan Selangor, Malaysia.

The primary activity of DC Glove comprises the property leasing. DC Glove has not commenced operation during the Relevant Period.

DC Glove is wholly owned by Mr. Chan Kow Kan ("**Mr. Chan**").

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong.

The Historical Financial Information has been prepared under the historical cost convention.

Despite DC Glove's net current liabilities as at 31 December 2019, the Historical Financial Information has been prepared by DC Glove under the going concern concept because the shareholder has agreed to provide continual financial support and adequate funds for DC Glove to meet its liabilities as and when they fall due.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

DC Glove has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective in the Historical Financial Information. Among the new and revised HKFRSs, the following is expected to be relevant to DC Glove's financial statements upon becoming effective:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

[1] Effective for annual periods beginning on or after 1 January 2020

The amendments to HKAS 1 and HKAS 8 were issued in January 2019 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments are effective for annual reporting periods beginning on or after 1 January 2020 and are not expected to have a significant impact on DC Glove's financial statements upon adoption.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to DC Glove if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over DC Glove;

(ii) has significant influence over DC Glove; or

(iii) is a member of the key management personnel of DC Glove or of a parent of DC Glove;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and DC Glove are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and DC Glove are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either DC Glove or an entity related to DC Glove;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to DC Glove or to the parent of DC Glove.

Financial assets

All DC Glove's financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when DC Glove commits to purchase or sell the assets.

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment

For financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, DC Glove is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where DC Glove has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities include an amount due to a shareholder. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the Relevant Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. LOSS BEFORE TAX

DC Glove's loss before tax is arrived at after charging:

	From 3 December 2019 (date of incorporation) to 31 December 2019
	MYR
Incorporation fee and other administrative expenses	3,700

4. DIRECTOR'S REMUNERATION

Mr. Chan was appointed as a director of DC Glove on 3 December 2019.

No director received any fees or emoluments in respect of their services rendered to DC Glove during the Relevant Period.

5. INCOME TAX

Pursuant to the rules and regulations of Malaysia, the Malaysian statutory tax rate is 25%.

No provision for profits tax has been made as DC Glove did not generate any assessable profits arising in Malaysia during the Relevant Period.

6. DIVIDENDS

No dividends have been paid or declared by DC Glove since its incorporation.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF DC GLOVE

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

8. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019
	MYR
Deferred expense	1,200

9. SHARE CAPITAL

	2019
	MYR
Authorised and issued but not fully paid:	
100 ordinary shares with a par value of MYR1.00 each	100

DC Glove was incorporated on 3 December 2019 with an authorised share capital of MYR100 divided into 100 shares of MYR1.00 each, all of which were allotted and issued on the same date to its shareholder.

10. NOTES TO THE STATEMENT OF CASH FLOWS

Major non-cash transactions

100 ordinary shares with a par value of MYR1.00 each was issued to the shareholder by DC Glove with no consideration received as at 31 December 2019.

11. RELATED PARTY TRANSACTIONS

(a) DC Glove had following transactions with related parties during the Relevant Period:

	2019
	MYR
Expense paid on behalf by the shareholder:	
Mr. Chan	4,900

(b) Outstanding balances with related parties:

	2019
	MYR
Due from Mr. Chan	100
Due to Mr. Chan	4,900

The balance with the shareholder is unsecured, interest-free and repayable on demand.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Period are as follows:

As at 31 December 2019

Financial assets

	Financial assets at amortised cost
	MYR
Due from a shareholder	100

Financial liabilities

	Financial liabilities at amortised cost
	MYR
Due to a shareholder	4,900

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

DC Glove did not have any financial assets and liabilities measured at fair value as at 31 December 2019.

Management has assessed that the fair value of an amount due from/to a shareholder to its carrying amount largely due to the short-term maturities of this instrument.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

DC Glove's exposure to liquidity risk arises in the normal course of its business. These risks are managed by DC Glove's financial management policies and practices described below:

Liquidity risk

In the management of liquidity risk, DC Glove monitors and maintains a level of working capital deemed adequate by the shareholder to finance DC Glove's operations.

The maturity profile of DC Glove's financial liabilities as at 31 December 2019, based on contractual undiscounted payments, is as follows:

31 December 2019	**On demand**	**Less than 3 months**	**3 to 12 months**	**Total**
	MYR	*MYR*	*MYR*	*MYR*
Due to a shareholder	4,900	–	–	4,900

15. EVENTS AFTER THE REPORTING PERIOD

On 16 January 2020, DC Glove entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**") with KLE Products Sdn. Bhd. (the "**KLE Products**") which DC Glove agrees to purchase a property (the "**Property**") located at No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia, from KLE Products with consideration of MYR29,000,000. The Sale and Purchase Agreement will complete upon the transfer of the title, ownership and interest in the Property from KLE products to DC Glove. On 16 January 2020, DC Glove also entered into the conditional tenancy agreement with VIP Glove Sdn. Bhd. (the "**Tenant**") to lease the Property to the Tenant with monthly rent of MYR120,000 and fixed term of three years. This tenancy agreement will become effective upon the completion of the Sale and Purchase Agreement.

On 19 January 2020, DC Glove, Mr. Lee Choong Choy ("**Mr. Lee**"), the sole shareholder of Evergreen Leader Limited, and KLE Products entered into a novation agreement, under which DC Glove novates and transfers absolutely, without reservation to Mr. Lee and Mr. Lee shall accept and assume all of DC Glove's payment obligations for outstanding payments to KLE products arising from the acquisition of Property under the Sale and Purchase Agreement, and Mr. Lee further irrevocably and unconditionally waives his rights to claim against DC Glove for any compensation, indemnity or reimbursement in relation thereto.

16. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by DC Glove in respect of any period subsequent to 31 December 2019.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF DC GLOVE

*The following management discussion and analysis should be read in conjunction with the accountants' report of DC GLOVE for the period from 3 December 2019 (date of incorporation) to 31 December 2019 (the "**Relevant Period**").*

Set out below is the management discussion and analysis of DC Glove for the Relevant Period.

Financial and business review

DC Glove is a limited company incorporated in Malaysia. The principal activity of DC Glove is property leasing.

The net loss of DC Glove for the Relevant Period was mainly attributable to the administrative expenses.

Liquidity, financial position and capital structure

The total assets of DC Glove was MYR1,200 as at 31 December 2019 which comprised prepayments, other receivables and other assets. The total liabilities of DC Glove was MYR4,800 as at 31 December 2019 which comprised an amount due to a shareholder.

The current ratio of DC Glove, represented by current assets as a percentage of current liabilities, was 0.25 times as at 31 December 2019. As there was no interest-bearing borrowings for DC Glove as at 31 December 2019, there was no gearing ratio available as at 31 December 2019.

Currency and interest rate exposure

For the Relevant Period, DC Glove did not conduct any business activities and was not exposed to any material foreign currency risk and did not have any formal hedging policies and no financial instrument was used for hedging purpose.

Employment and remuneration policy

As at 31 December 2019, DC Glove had nil employees, and the total amount of remuneration of DC Glove for the Relevant Period was nil.

Significant investments, material acquisitions and disposals of subsidiaries and associated companies

Save for the acquisition of the Property by DC Glove subsequent to the Relevant Period, DC Glove did not have any material acquisitions and disposals of subsidiaries and associated companies during the period under review.

As at 31 December 2019, DC Glove did not have any significant investments.

Charges on assets and contingent liabilities

DC Glove did not have any charges on assets and any material contingent liabilities as at 31 December 2019.

Future plans for material investments and acquisition of material capital assets

DC Glove did not have any future plans as at 31 December 2019.

This unaudited pro forma consolidated statement of financial position (the "**Unaudited Pro Forma Financial Information**") has been prepared for the purpose of providing shareholders of the Company with information about the impact of the Acquisition by illustrating how the proposed acquisition of the entire equity interests in Evergreen Leader Limited (the "**Target Company**") upon its completion of reorganisation as detailed in the circular (the "**Acquisition**") might have affected the financial position of the Group as at 30 June 2019, had the completion of the Acquisition taken place on 30 June 2019.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2019. Neither does the Unaudited Pro Forma Financial Information purport to predict the future financial position of the Enlarged Group.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 as set out in the unaudited interim financial information of the Group for the six months ended 30 June 2019, and the audited statements of financial position of the Target Company and Oasis Green and DC Glove as at 31 December 2019 as set out in the accountants' reports of the Target Company and Oasis Green and DC Glove included in the Appendix II and Appendix III to this circular, respectively, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of financial position

	The Group as at 30 June 2019 Unaudited	Target Company and Oasis Green as at 31 December 2019 Audited	DC Glove as at 31 December 2019 Audited	Pro forma adjustments				Unaudited pro forma of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	*Note (e)*	*Note (f)*	
NON-CURRENT ASSETS								
Property, plant and equipment	26,792	–	–					26,792
Investment property	–	–	–	52,487				52,487
Prepaid land lease payments	1,491	–	–					1,491
Right-of-use assets	8,490	–	–					8,490
Advance payments for property, plant and equipment	215	–	–					215
Investment in subsidiaries	–	–	–			49,358	(49,358)	–
Investment in an associate	800	–	–					800
Total non-current assets	**37,788**	**–**	**–**					**90,275**
CURRENT ASSETS								
Inventories	45	–	–					45
Trade receivables	18,495	–	–					18,495
Prepayments, other receivables and other assets	8,429	2	2					8,433
Due from a related party	3,651	–	–					3,651
Due from a shareholder	–	337	–					337
Cash and cash equivalents	34,249	–	–					34,249
Total current assets	**64,869**	**339**	**2**					**65,210**

	The Group as at 30 June 2019 Unaudited	Target Company and Oasis Green as at 31 December 2019 Audited	DC Glove as at 31 December 2019 Audited	Pro forma adjustments				Unaudited pro forma of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	*Note (e)*	*Note (f)*	
CURRENT LIABILITIES								
Other payables and accruals	(4,015)	–	(8)	(49,259)	49,259			(4,023)
Lease liabilities	(1,968)	–	–					(1,968)
Tax payable	(3,346)	–	–					(3,346)
Total current liabilities	**(9,329)**	**–**	**(8)**					**(9,337)**
NON-CURRENT LIABILITIES								
Lease liabilities	(7,412)	–	–					(7,412)
Convertible bonds	–	–	–			(26,095)		(26,095)
Total non-current liabilities	**(7,412)**	**–**	**–**					**(33,507)**
NET CURRENT ASSETS	**55,540**	**339**	**(6)**					**55,873**
TOTAL ASSETS LESS CURRENT LIABILITIES	**93,328**	**339**	**(6)**					**146,148**
Net assets	**85,916**	**339**	**(6)**					**112,641**

	The Group as at 30 June 2019 Unaudited	Target Company and Oasis Green as at 31 December 2019 Audited	DC Glove as at 31 December 2019 Audited	Pro forma adjustments				Unaudited pro forma of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note (a)	*Note (b)*	*Note (c)*	*Note (d)*	*Note (e)*	*Note (f)*	
EQUITY								
Equity attributable to owners of the parent								
Share capital	(4,135)	(349)	–			(23,263)	349	(27,398)
Reserves	(81,781)	10	6	(3,227)	(49,259)		49,009	(85,243)
Total equity	**(85,916)**	**(339)**	**6**					**(112,641)**

Notes:

1. **Basis of preparation**

This Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and based upon: (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019, which has been extracted from the unaudited interim financial information of the Group for the six months ended 30 June 2019; and (ii) the audited statement of financial position of the Target Company and Oasis Green and DC Glove as at 31 December 2019, which has been extracted from the accountants' report of the Target Company and Oasis Green and DC Glove included in Appendix II and Appendix III to this circular, respectively; and adjusted in accordance with the pro forma adjustments described in note 2 below, as if the Acquisition had been completed at 30 June 2019.

This Unaudited Pro Forma Financial Information has been prepared in a manner consistent with both the format and accounting policies adopted by the Group in the unaudited financial information for the six months ended 30 June 2019.

2. **Notes to the pro forma adjustments**

(a) The functional currency of the Target Company is US$, which are converted into RMB at an exchange rate of US$1.00 to RMB6.9762.

(b) The functional currency of DC Glove is Malaysian Ringgit ("**MYR**"), which are converted into RMB at an exchange rate of MYR1.00 to RMB1.6986.

(c) On 16 January 2020, DC Glove entered into the sale and purchase agreement with KLE Products which DC Glove agrees to purchase a property (the "**Property**") located at No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia, from KLE Products with a consideration of MYR29,000,000 (equivalent to RMB49,259,000). The Property is acquired for investment purpose by leasing out to the Tenant for rental income pursuant to the Tenancy Agreement and thus the Property will be recognised as an investment property, which is initially measured at cost and subsequently measured at fair value. The fair value of the investment property as at 31 December 2019 per the valuation report prepared by the Independent Valuer is MYR30,900,000 (equivalent to RMB52,487,000).

(d) On 19 January 2020, DC Glove, Mr. Lee, the sole shareholder of the Target Company, and KLE Products entered into a novation agreement, under which DC Glove novates and transfers absolutely, without reservation to Mr. Lee and Mr. Lee shall accept and assume all of DC Glove's payment obligations for outstanding payments of MYR29,000,000 to KLE Products arising from the acquisition of the Property under the sale and purchase agreement, and Mr. Lee further irrevocably and unconditionally waives his rights to claim against DC Glove for any compensation, indemnity or reimbursement in relation thereto.

(e) The subsidiary of the Company acquired the entire issued share capital of the Target Company at a consideration of MYR29,000,000, which will be settled by the allotment and issue of 166,470,000 shares in total at the issue price of HK$0.156 per share of HK$25,969,320 (equivalent to RMB23,263,000) and the issue of the convertible bonds in the principal amount of HK$29,129,880 (equivalent to RMB26,095,000).

For the purpose of the Unaudited Pro Forma Financial Information, the Directors assume that the convertible bonds is liability instruments and recorded at fair value. The fair value of the liability component of convertible bonds will be reassessed at the completion date of the proposed acquisition.

(f) Being adjustment to eliminate share capital of the Target Company of RMB349,000 and pre-acquisition reserves of RMB49,009,000 against carrying amount of investment in subsidiaries of RMB49,358,000.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

EY 安永

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of TL Natural Gas Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of TL Natural Gas Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2019 and related notes as set out on pages IV-1 to IV-5 of the circular dated 3 March 2020 issued by the Company (the "**Circular**") (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in notes 1 to 2 on pages IV-5 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire issued share capital of Evergreen Leader Limited upon its completion of reorganisation as detailed in the Circular (the "**Acquisition**") on the Group's financial position as at 30 June 2019 as if the Acquisition had taken place at 30 June 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited interim financial information for the six months ended 30 June 2019, on which no audit or review report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Form Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly complied on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
3 March 2020

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Prudential Surveyors (Hong Kong) Limited, an independent valuer, in connection with its valuation of the property interests of the Property as at 31 December 2019.

PRUDENTIAL 測建行
SURVEYING • LAND ADVISORY • VALUATION

3 March 2020

The Board of Directors
TL Natural Gas Holdings Limited
Level 54, Hopewell Centre
No. 183 Queen's Road East
Hong Kong

Dear Sir/Madam,

Re: Valuation of Land and Building located at No. 17 Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia

In accordance with the instructions from TL Natural Gas Holdings Limited (hereinafter referred to as the "**Company**") for us to carry out a valuation of the captioned property (hereinafter referred to as the "**Subject Property**") located in Malaysia, we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Subject Property as at 31 December 2019 (hereinafter referred to as the "**Date of Valuation**") for acquisition purpose.

This letter, forming part of our valuation report, identifies the Subject Property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

In respect of the Subject Property, the status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Company are set out in the notes of the valuation report.

Our valuation of the property interest in the Subject Property is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Subject Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with "HKIS Valuation Standards 2017" issued by The Hong Kong Institute of Surveyors and the "International Valuation Standards (IVS)" published by the International Valuation Standards Council.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

We have carried out the valuation by using Direct Comparison Method. The method involves the selection of suitable comparables and the making of adjustments on comparable transactions / asking prices in a number of aspects such as time, building age, floor level, size, orientation, view, quality of development, facilities, accessibility and environment. Adjustments are made to reflect the differences in various aspects between comparables and the Subject Property. In our valuation, the total adjustments of comparables are calculated by the summation of all the adjustment factors.

VALUATION ASSUMPTIONS

In valuing the property interests, we have assumed that the registered owner has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted.

Our valuation has also been made on the assumption that the Subject Property is to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect its value. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Subject Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amount owing on the Subject Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Subject Property is free from encumbrances, restrictions, and outgoings of an onerous nature that could affect its value.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation report.

TITLE INVESTIGATION

No investigation has been made for the legal title or any liabilities attached to the Subject Property. However, we have been provided by the Company with copies of documents relating to the titles of the property interests. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents have been used for reference only.

We have been provided with Malaysian legal opinion on the validity of such copies of documents relating to the titles of the property interests.

LIMITING CONDITIONS

We have inspected the exterior, and where possible, the interior of the Subject Property by Mr. Simon Liu on 24 December 2019. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Subject Property. We are, therefore, not able to report that the Subject Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any redevelopment.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us and are therefore approximations only.

Having reviewed all relevant documentation, we have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dates of buildings, particulars of occupancy, site and floor plans, floor areas and other relevant matters in the identification of the Subject Property in which the registered owner has valid interest. We have not seen original planning consents and have assumed that the Subject Property has been erected and are being occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

Except for the purpose of disclosure in the public circular to be issued by the Company in connection with the acquisition of the Subject Property, neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement, nor published in any way whatsoever without the prior written approval of Prudential Surveyors (Hong Kong) Limited as to the form and context in which it may appear.

DECLARATION

We hereby certify, to the best of our knowledge and belief, that:

- We are an external valuer, independent from the Company and the property owners, their subsidiaries and their jointly controlled entities (collectively, the "**Group**") and their respective directors and controlling shareholder and that we do not have any direct or indirect material interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.

- We do not have previous, current or anticipated involvement with the Company in respect of the Subject Property in the past 24 months from the date of instruction or date of agreement of the engagement, whichever is earlier.

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Company, the Subject Property and the value reported herein.

Unless otherwise specified, all values are in Malaysian Ringgit (MYR) and no allowances have been made for any exchange transfers.

We attach herewith our valuation report.

Yours faithfully,

For and on behalf of
PRUDENTIAL SURVEYORS (HONG KONG) LIMITED

Simon C H Liu *MBA MRICS MHKIS RPS(GP) CIREA*
Registered Professional Surveyor
General Manager, Professional Valuation

Mr. Simon C H Liu is a Member of The Royal Institution of Chartered Surveyors in United Kingdom and a Member of The Hong Kong Institute of Surveyors in Hong Kong, SAR with over 38 years of post-qualification experience in valuation of properties in Hong Kong SAR, People's Republic of China and the Asia Pacific Region. He is also on the Hong Kong Stock Exchange panel list of approved valuers for undertaking valuations for incorporation of reference in listing particulars and circulars and valuations in connection with takeovers and mergers.

VALUATION REPORT ON SUBJECT PROPERTY

Subject Property	Description	Occupancy Status	Market Value in Existing State as at 31 December 2019 *MYR*
A parcel of land together with various buildings located at No. 17 Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia	The Subject Property comprises a parcel of land in trapezoidal shape which is situated along Jalan Perusahaan 1 within Kawasan Perusahaan Beranang, Beranang, Selangor Darul Ehsan with a site area of approximately 13,565 sq. m. together with a one and a half storey detached factory, a guard house and its ancillary buildings completed in about 2000s. The total gross floor area ("**GFA**") of the buildings of the Subject Property is approximately 7,636.3 sq. m. (or about 82,197 sq. ft.) which is tabulated as below: **Description** — **GFA** *(sq. m.)* Detached factory — 7,588.00 Guard house — 48.30 **Total:** — **7,636.30** The area of the ancillary buildings which is measured on-site is about 1,604.80 sq. m. (or about 17,274 sq. ft.) The land parcel of the Subject Property is held under leasehold for a term of 99 years expiring on 9 October 2099 at a quit rent of MYR7,746 per annum for industry use.	The Subject Property is currently owner occupied and operated as an industrial plastic glove manufacturing plant.	30,900,000

Notes:

1. The Subject Property is about 48 km and 17 km southeast of Kuala Lumpur City Centre and Kajang town centre respectively in Malaysia. It takes about an hour's driving from KL City Centre to the Subject Property. Major connecting roads serving the areas are Jalan Semenyih, Persiaran Tasik Kesuma and Kajang-Seremban Highway (LEKAS). The surrounding area of the Subject Property comprises mainly industrial properties.

2. The registered owner of the Subject Property is KLE PRODUCTS SDN. BHD. (Company Number: 568510-M).

3. Pursuant to a private land search which was carried out at the Land Office and Registry, Selangor on 6 January 2020 and provided to us by the Malaysian law firm Halim Hong & Quek Advocates & Solicitors, the Subject Property is erected on a piece of land (Type and Title No. HSD 58970, Lot Number PT 14) with a lot area of approximately 13,565 sq. m. in Bandar Batu 26 City, Beranang Town, Ulu Langat District, State of Selangor Darul Ehsan. The land tenure is of leasehold granted on 10 October 2000 for a term of 99 years expiring on 9 October, 2099 with a quit rent of MYR7,746 per annum. Category of land use is "Perusahaan" (Industry) with an expressed condition that the land shall be used for "Perindustrian" (Industry) purpose only. The Subject Property is subject to a restriction that it cannot be transferred, leased or charged except with approval from the State Authority.

4. The Subject Property is subject to the following encumbrances:

   i. Presentation No.1405/2012 Transfer of Land
   by MAYANG MAHIR SDN. BHD., Company No.: 904621-V, 1/1 part
   to KLE PRODUCTS SDN. BHD., Company No.: 568510-M, 1/1 part
   1259-1266, Jalan 11, Kawasan Perindustrian Ringan KG. Baru Ampang Tambahan, Ampang 68000 Selangor
   Registered on 12 January 2012 at 08:58:47 am
   Consent Letter: 488/2012

   ii. Presentation No.56466/2015 Private Caveat on Land
   by HONG LEONG BANK BERHAD, Company No.: 97141-X
   No.7 & 9 Jalan Pasar Baru 2, Seksyen 3, Bandar Semenyih Semenyih 43500 Selangor
   Registered on 3 November 2015 at 12:23:12 pm
   Consent Letter: 446/2010

   iii. Presentation No.122565/2015 Charge securing principal sum
   by KLE PRODUCTS SDN. BHD., Company No.: 568510-M, 1/1 part
   to HONG LEONG BANK BERHAD, Company No.: 97141-X
   No.7 & 9 Jalan Pasar Baru 2, Seksyen 3, Bandar Semenyih Semenyih 43500 Selangor
   Registered on 20 November 2015 at 03:04:50 pm
   Power of Attorney: 446/2010
   Consent Letter: 45544/2015
   Consent Letter: 45543/2015

   iv. Presentation No.127155/2016 Revision of Quit Rent
   Registered on 11 April 2016 at 08:05:07 pm
   Quit rent revised from RM 7,301.00 to RM 7,746.00
   In accordance with section 101 National Land Code, commencing from 1 January 2017
   (Gazette No SEL. P.U.6 dated 17 March 2016)

5. The Subject Property is situated within an area designated for industrial use.

6. The classification of the Subject Property is held for owner occupation.

7. The status of the title and grant of major approvals in accordance with the information provided by the Company is as follows:

   i) Private Land Search — Yes

8. According to the copy of approved building plans provided to us, the total Gross Floor Area of the existing one and a half storey detached factory and its extension is 7,588 sq. m. and the Gross Floor Area of the guard house is 48.3 sq. m.

9. According to the information provided to us, a Certificate of Fitness for Occupation (CFO) No. 0713 has been granted by the Municipal Council Selangor Darul Ehsan on 20 February 2002 for the existing factory.

10. We have been provided with a legal opinion on the Subject Property prepared by the Malaysian law firm Halim Hong & Quek Advocates & Solicitors, which contains, inter alia, the following:

    a. KLE PRODUCTS SDN. BHD. ("**KLE**") is the registered owner of the Subject Property;

    b. The Subject Property is charged Hong Leong Bank Berhad (Company Number 97141-X) vide presentation no. 122565/2015 dated 20 November 2015 as security for the financial facility granted to KLE;

    c. The category of land use of the Subject Property and the express condition of the Subject Property are industrial;

    d. The Subject Property is erected on a leasehold land and subject to the restriction in interest which is duly endorsed on the individual title that 'this alienated land cannot be transferred, leased or charged except with the approval from the state authority'; and

    e. KLE shall obtain the consent from the relevant state authority to transfer the Subject Property.

11. We, Prudential Surveyors (Hong Kong) Limited, as an independent valuer has taken account of the content of such opinions which is in line with our valuation assumptions that the Subject Property was free from encumbrances, restrictions, and outgoings of an onerous nature that could affect its value and no allowance were made for mortgages nor any expenses or taxation that may be incurred in effecting a sale.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Consideration Shares; and (iii) immediately after the issue of the Consideration Shares and upon full conversion of the Convertible Bonds (assuming there is no other change to the share capital of the Company prior to the issue of the Consideration Shares and upon full conversion of the Convertible Bonds) are as follows:

(i) As at the Latest Practicable Date

Authorised:		*HK$*
10,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
562,030,000	Shares	5,620,300

(ii) immediately after the issue of the Consideration Shares

Authorised:		*HK$*
10,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
562,030,000	Shares	5,620,300
166,470,000	Consideration Shares to be issued	1,664,700
728,500,000		7,285,000

(iii) Upon the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds into the Conversion Shares (assuming there are no other changes in the share capital of the Company from the Completion up to the relevant allotment and issue)

Authorised:		*HK$*
10,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		
562,030,000	Shares	5,620,300
166,470,000	Consideration Shares to be issued	1,664,700
186,730,000	Conversion Shares to be issued	1,867,300
915,230,000		9,152,300

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company and associated corporations

As at the Latest Practicable Date, interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares and underlying Shares

Name	Capacity/Nature of interests	Number of Shares held	Number of other Shares interested	Equity Derivatives	Share Options	Approximate percentage of the total issued Shares*
Mr. Liu Yong Cheng	Interest in controlled corporation and parties acting in concert	375,000,000 *(Note 1)*	166,470,000 *(Note 2)*	186,730,000 *(Note 3)*	5,500,000 *(Note 4)*	130.54%
	Beneficial owner	–	–	–	5,500,000 *(Note 5)*	0.98%

Name	Capacity/Nature of interests	Number of Shares held	Number of other Shares interested	Equity Derivatives	Share Options	Approximate percentage of the total issued Shares*
Mr. Liu Yong Qiang	Interest in controlled corporation and parties acting in concert	375,000,000 *(Note 6)*	166,470,000 *(Note 2)*	186,730,000 *(Note 3)*	5,500,000 *(Note 5)*	130.54%
	Beneficial owner	–	–	–	5,500,000 *(Note 4)*	0.98%
Mr. Liu Chunde	Beneficial owner	–	–	–	5,500,000 *(Note 7)*	0.98%

* The percentage was calculated based on 562,030,000 Shares in issue as at the Latest Practicable Date.

Notes:

(1) As at the Latest Practicable Date, Mr. Liu Yong Cheng directly owned 100% of Yongsheng, which in turn held 108,750,000 shares or approximately 19.35% of the issued Shares; therefore he was 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 was also deemed to be interested in 266,250,000 Shares or approximately 47.37% of the issued Shares owned by Hongsheng as at the Latest Practicable Date as a result of being a party acting in concert with Mr. Liu Yong Qiang.

(2) Pursuant to the Sale and Purchase Agreement, 48,276,300 and 118,193,700 Shares will be alloted and issued as Consideration Shares to Yongsheng and Hongsheng, respectively, upon Completion.

(3) Pursuant to the Subscription Agreements, 54,151,700 and 132,578,300 Shares may be issued as Conversion Shares to Yongsheng and Hongsheng, respectively, upon exercise in full of the conversion rights under the Convertible Bonds.

(4) On 21 January 2020, Mr. Liu Yong Qiang was granted an option to subscribe for 5,500,000 Shares under the Share Option Scheme.

(5) On 21 January 2020, Mr. Liu Yong Cheng was granted an option to subscribe for 5,500,000 Shares under the Share Option Scheme.

(6) As at the Latest Practicable Date, Mr. Liu Yong Qiang directly owned 100% of Hongsheng, which in turn held 266,250,000 shares or approximately 47.37% of the issued Shares; therefore he was 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 was also deemed to be interested in 108,750,000 Shares or approximately 19.35% of the issued Shares owned by Yongsheng as at the Latest Practicable Date as a result of being a party acting in concert with Mr. Liu Yong Cheng.

(7) On 21 January 2020, Mr. Liu Chunde was granted an option to subscribe for 5,500,000 Shares under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial Shareholders' interests in the Company

As at the Latest Practicable Date, other than the Directors and chief executive of the Company, the following entities have an interest or a short position in the Shares or the underlying Shares as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in the Shares and underlying Shares

Name	Capacity	Number of Shares held	Number of other Shares interested	Equity Derivatives	Share Options	Approximate percentage of the total issued Shares*
Yongsheng	Beneficial owner and parties acting in concert	375,000,000 *(Note 1)*	166,470,000 *(Note 2)*	186,730,000 *(Note 3)*	11,000,000 *(Note 4)*	131.52%
Hongsheng	Beneficial owner and parties acting in concert	375,000,000 *(Note 5)*	166,470,000 *(Note 2)*	186,730,000 *(Note 3)*	11,000,000 *(Note 4)*	131.52%
Stable Development Company Limited *(Note 3)*	Beneficial owner	52,220,000 *(Note 6)*	–	37,970,000	–	16.05%

* The percentage was calculated based on 562,030,000 Shares in issue as at the Latest Practicable Date.

Notes:

(1) As at the Latest Practicable Date, Mr. Liu Yong Cheng directly owned 100% of Yongsheng, which in turn held 108,750,000 shares or approximately 19.35% of the issued Shares; therefore he was 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 was also deemed to be interested in 266,250,000 Shares or approximately 47.37% of the issued Shares owned by Hongsheng as at the Latest Practicable Date as a result of being a party acting in concert with Mr. Liu Yong Qiang. Mr. Liu Yong Cheng, an executive Director, is also a director of Yongsheng.

(2) Pursuant to the Sale and Purchase Agreement, 48,276,300 and 118,193,700 Shares will be alloted and issued as Consideration Shares to Yongsheng and Hongsheng, respectively, upon Completion.

(3) Pursuant to the Subscription Agreements, 54,151,700 and 132,578,300 Shares may be issued as Conversion Shares to Yongsheng and Hongsheng, respectively, upon exercise in full of the conversion rights under the Convertible Bonds.

(4) On 21 January 2020, each of Mr. Liu Yong Cheng and Mr. Liu Yong Qiang was granted an option to subscribe for 5,500,000 Shares under the Share Option Scheme.

(5) As at the Latest Practicable Date, Mr. Liu Yong Qiang directly owned 100% of Hongsheng, which in turn held 266,250,000 shares or approximately 47.37% of the issued Shares; 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 was also deemed to be interested in 108,750,000 Shares or approximately 19.35% of the issued Shares owned by Yongsheng as at the Latest Practicable Date as a result of being a party acting in concert with Mr. Liu Yong Cheng. Mr. Liu Yong Qiang, an executive Director, is also a director of Hongsheng.

(6) As at the Latest Practicable Date, Mr. Yu Kin Wai Perway directly owned 100% of Stable Development Company Limited, which in turn held (i) 52,220,000 Shares and (ii) 37,970,000 new Shares to be allotted and issued by the Company upon the exercise of conversion rights attaching to the convertible bonds issued pursuant to the Jet Union Subscription Agreement; therefore he was deemed, or taken to be interested in, all the Shares and underlying Shares held by Stable Development Company Limited for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date and so far as known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and chief executive's interests in the Company and associated corporations" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company which had been required to be recorded in the register required to be kept by the Company pursuant Section 336 of the SFO.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up).

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, were entered into by the Company or its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

1. the Jet Union SPA;

2. the Jet Union Subscription Agreement;

3. the Sale and Purchase Agreement;

4. the Hongsheng Subscription Agreement; and

5. the Yongsheng Subscription Agreement.

8. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

9. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants
Prudential Surveyors (Hong Kong) Limited	Independent professional valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the above experts:

(a) was interested beneficially or otherwise in any Shares or securities in any of subsidiaries or associated corporations (within the meaning of Part XV of the SFO) of the Company;

(b) had any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any Shares or securities in any of subsidiaries or associated corporations of the Company; and

(c) had any interests, either direct or indirect, in any assets which have been, since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company.

11. MISCELLANEOUS

(a) The principal share registrar and transfer office of the Company is located at Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman, KY1 1209, Cayman Islands.

(b) The branch share registrar and transfer office of the Company in Hong Kong is located at Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The joint company secretaries of the Company are Mr. Zhao Yonghe and Mr. Tam Chun Wai Edwin. Mr. Tam is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and fellow of the Association of Chartered Certified Accountants

(d) The compliance officer of the Company is Mr. Liu Yong Cheng.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 13th Floor, Wah Yuen Building, 149 Queen's Road Central, Hong Kong during normal business hours on any weekday (except Saturdays and public holidays) from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the Sale and Purchase Agreement;

(c) the Hongsheng Subscription Agreement;

(d) the Yongsheng Subscription Agreement;

(e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 27 to 28 of this circular;

(f) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 29 to 58 of this circular;

(g) the annual report of the Company for the financial year ended 31 December 2018 and the interim report of the Company for the six months ended 30 June 2019;

(h) the accountants' report of the Target Company and Oasis Green, the text of which is set out in Appendix II to this circular;

(i) the accountants' report of DC Glove, the text of which is set out in Appendix III to this circular;

(j) the report on unaudited pro forma consolidated statement of financial position of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(k) the Valuation Report;

(l) the material contracts referred to in the section headed ''Material contracts'' in this Appendix;

(m) the written consents of experts referred in the paragraph headed "Expert and Consent" in this Appendix; and

(n) this circular.

13. AUDIT AND RISK MANAGEMENT COMMITTEE

The duties of the Audit and Risk Management Committee include reviewing, in draft form, the Company's annual report and accounts, half-year report and quarterly report and providing advice and comments to the Board. In this regard, members of the Audit and Risk Management Committee will liaise with the Board, the Group's senior management, reporting accountants and auditors. The Audit and Risk Management Committee will also consider any significant or usual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by the Group's accounting staff, compliance officers or auditors. Members of the Audit and Risk Management Committee are also responsible for reviewing the Company's financial reporting process and internal control system.

As at the Latest Practicable Date, the Audit and Risk Management Committee comprised three independent non-executive Directors, namely Mr. Wong Chun Peng Stewart, Mr. Li Wai Kwan and Ms. Li Helen Hoi Lam, further details of whom are set out below:

Mr. Wong Chun Peng Stewart (黃俊鵬), aged 53, was appointed as an independent non-executive Director on 28 June 2017 and is the chairman of the Remuneration Committee of the Company and a member of the Audit and Risk Management Committee of the Company. Mr. Wong has more than 25 years of experience in the legal industry. Mr. Wong worked at Deacons Graham & James as a trainee solicitor from August 1993 to July 1995 and became an associate solicitor in the China Practice Group from August 1995 to December 1996. Mr. Wong was qualified as a solicitor of the High Court of Hong Kong in September 1995. Mr. Wong has practised law in a number of international firms such as Deacons (including posting as a representative in Beijing, the PRC) from September 2002 to March 2005, Baker McKenzie from January 2007 to July 2009 and Hogan Lovells from February 1999 to March 2002, and has worked as in-house counsel in two listed companies in Hong Kong, namely Dickson Concepts (International) Limited, which is listed on the Main Board of the Stock Exchange (stock code: 0113) and Samsonite International S.A., which is listed on the Main Board of the Stock Exchange (stock code: 1910), from August 2009 to May 2013 and May 2013 to January 2016, respectively. Mr. Wong is currently a partner of YTL LLP, which is a law firm where he has been involved in the provision of a wide array of legal services, including complex mergers and acquisitions, corporate finance, litigation and general commercials.

Mr. Li Wai Kwan (李偉君), aged 48, was appointed as an independent non-executive Director on 28 June 2017, and is the chairman of the Audit and Risk Management Committee of the Company and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Li has many years of experience in accounting, finance and investment management. Mr. Li is the chief financial officer of Crystal International Group Limited (stock code: 2232), which is principally engaged in manufacturing of fashion products since November 2018, while he is responsible for finance matters for that group. From March 2005 to September 2006, he worked for Esprit Holdings Limited, which is listed on the Main Board (stock code: 330) and principally engaged in manufacturing, retail and wholesale distribution of fashion products, and he served as a vice president of operational finance and a vice president of finance in Asia Pacific region from March 2005 to September 2006, while he was responsible for finance and operational matters. From October 2006 to September 2010, he was a vice president of COFCO China Agri-Industries Holdings Limited, which is listed on the Main Board (stock code: 606) and principally engaged in trading on agricultural raw materials, manufacturing and distributing food products, while he was responsible for finance, investment and company secretarial matters. Mr. Li was a managing director and director of the board of COFCO Agricultural Industrial Investment Fund Management Company Limited, which is principally engaged in asset management, from September 2010 to October 2011, and he was responsible for managing overall business and investment matters. Mr. Li was a managing director of Origo Partners PLC, whose shares are listed on the London Stock Exchange and principal business is private equity investment, from November 2011 to January 2013, and he was responsible for investment matters. Mr. Li was the chief financial officer of Zhuhai Dahengqin Company Limited and its affiliate Zhuhai Dahengqin Property Company Limited, which is principally engaged in primary land development, real estate development, theme park construction and operation, city operational management, and asset management in Hengqin Free Trade Zone, from August 2013 to October 2018, while he was responsible for finance, investment and fund management matters.

Mr. Li was admitted as a member of the Institute of Certified Management Accountants in August 2000, a chartered financial analyst of the Chartered Financial Analysts Institute in September 2001, a certified general accountant of the Certified General Accountants Association of Canada in October 2002, a certified public accountant of the Hong Kong Institute of Certified Public Accountants in October 2004, a member of the Association of Chartered Certified Accountants in May 2005, an associate of the Institute of Chartered Accountant in England & Wales in June 2008, a fellow of the Association of Chartered Certified Accountants in April 2010, a chartered professional accountant of the Chartered Professional Accountants of British Columbia, Canada in June 2015, a member of Hong Kong Business Accountants Association in December 2015, a fellow of the Institute of Certified Management Accountants in April 2016, a member of the Hong Kong Securities and Investment Institute in August 2016, a fellow of the Institute of Chartered Accountant in England & Wales in June 2018, a fellow of the Institute of Public Accountants in July 2019, a fellow of the Institute of Financial Accountants in July 2019, a business and finance professional of the Institute of Chartered Accountant in England & Wales in December 2019, and a member of the Hong Kong Independent Non-Executive Director Association in December 2019.

Ms. Li Helen Hoi Lam (李凱琳), age 40, was appointed as an independent non-executive Director on 28 June 2017 and is a member of the Audit and Risk Management Committee and the Nomination Committee of the Company. Ms. Li has about 16 years of experience in business and market development. Ms. Li was an engineer of Atomic Energy of Canada Limited, a Canadian nuclear science and technology company, from June 2002 to September 2003. She was an engineer of Imperial Oil Limited, a Canadian petroleum company, from September 2003 to August 2007. She served at Hutchison Ports Limited as a project manager, manager in the technical services projects department, the commercial development department and commercial department from October 2007 to December 2007, January 2008 to October 2009, November 2009 to December 2015 and January 2016 to December 2016, respectively. She has been the head of research and analysis in the commercial department of Hutchison Ports Limited since January 2017.

TL Natural Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8536)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of TL Natural Gas Holdings Limited (the "**Company**") will be held at 7/F, Wheelock House, 20 Pedder Street, Central, Hong Kong on 20 March 2020 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 3 March 2020 (the "**Circular**"):

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the execution of the Sale and Purchase Agreement (as defined in the Circular) (the "**Sale and Purchase Agreement**") be and is hereby confirmed, ratified and approved and the transactions contemplated thereunder be and is hereby approved;

(b) the execution of the Subscription Agreements (as defined) in the Circular (the "**Subscription Agreements**") be and is hereby confirmed, ratified and approved and the transactions contemplated thereunder be and is hereby approved;

(c) subject to the fulfillment or waiver of the conditions precedent set out in the Sale and Purchase Agreement, the allotment and issue of 166,470,000 new shares (the "**Consideration Share(s)**") of HK$0.01 each in the issued share capital of the Company (the "**Share(s)**"), all credited as fully paid, at the issue price of HK$0.156 per Consideration Share, pursuant to the terms and conditions of the Sale and Purchase Agreement be and is hereby approved;

(d) subject to the fulfillment or waiver of the conditions precedent set out in the Subscription Agreements, the issue of the convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of HK$29,129,880, which entitling the holder(s) of the Convertible Bonds to convert up to 186,730,000 Shares (the "**Conversion Share(s)**") in total at the initial price of HK$0.156 per Conversion Share (subject to adjustment) pursuant to the terms and conditions of the Convertible Bonds be and is hereby approved; and

(e) any one or more directors of the Company (the "**Directors**") be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents (including under the seal of the Company), and to take all such steps which in their opinion may be necessary appropriate, desirable or expedient for the purpose of giving effect to the Sale and Purchase Agreement and the Subscription Agreements and completing the transactions contemplated thereunder."

2. "**THAT**

(a) the general mandate granted to the Directors to allot, issue and deal with the unissued Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 May 2019 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);

(b) subject to paragraph (d) below, a general mandate be and is hereby generally and unconditionally given to the Directors to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;

(c) the approval in paragraph (b) above shall authorise the Directors to make or grant offers, agreements and options, during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

(d) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (b) above, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) the exercise of options under a share option scheme of the Company; and

(iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company, shall not exceed 20% of the total number of issued Shares as at the date of the passing of this resolution, and if subsequent consolidation or subdivision of shares is conducted, the maximum number of Shares that may be issued pursuant to the mandate in paragraph (b) above as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same;

(e) for the purposes of this resolution:

"Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

"Rights Issue" means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange)."

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

Hong Kong, 3 March 2020

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"). The results of the poll will be published on the websites of GEM and the Company in accordance with the GEM Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy, or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 3:00 p.m. on 18 March 2020) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In the case of an appointment of corporate representative by a corporate shareholder (other than a shareholder which is a Clearing House (as defined in the Company's articles of association) (or its nominee)), a copy of the resolution of its directors or other governing body of the shareholder authorising the appointment of the corporate representative or a form of notice of appointment of corporate representative issued by the Company for such purpose or a copy of the relevant power of attorney, together with an up-to-date copy of the shareholder's constitutive documents and a list of directors or members of the governing body of the shareholder as at the date of such resolution, or, as the case may be, power of attorney, certified by a director, secretary or a member of the governing body of that shareholder and notarised, must be deposited at the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 3:00 p.m. on 18 March 2020) or the adjourned meeting (as the case may be).

5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from 17 March 2020 to 20 March 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 16 March 2020.

6. Details of the abovementioned resolutions to be considered and approved at the EGM are set out in the circular of the Company in respect of the EGM dated 3 March 2020.

7. References to time and dates in this notice are to Hong Kong time and dates.