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TL Natural Gas Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8536)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every four (4) issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.04 each.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the GEM in the board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the GEM from 10,000 Existing Shares to 5,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 30 June 2021.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every four (4) issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.04 each.

EFFECTS OF THE SHARE CONSOLIDATION

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 709,020,000 Shares have been issued. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation, the authorised share capital of the Company shall become HK\$100,000,000 divided into 2,500,000,000 Consolidated Shares of par value of HK\$0.04 each, of which 177,255,000 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the GEM in the board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the GEM from 10,000 Existing Shares to 5,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.112 per Existing Share (equivalent to the theoretical closing price of HK\$0.448 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$1,120; (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$4,480 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 5,000 Consolidated Shares would be HK\$2,240 assuming that the Change in Board Lot Size had also been effective.

Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation of the Share Consolidation and the Change in Board Lot Size will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation and the Change in Board Lot Size.

FRACTIONAL ENTITLEMENT TO CONSOLIDATED SHARES

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

CONDITIONS AND EXPECTED EFFECTIVE DATE OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The Share Consolidation is conditional upon the following:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the GEM Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation and the Change in Board Lot Size is expected to be on Tuesday, 20 July 2021, being the second business day after the EGM. As at the date of this announcement, none of the conditions above had been fulfilled.

APPLICATION FOR LISTING OF THE CONSOLIDATED SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

ARRANGEMENT ON ODD LOT TRADING AND MATCHING SERVICES

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation and the Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Shares to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading, registration and settlement purposes for the period up to 4:10 p.m. on Monday, 23 August 2021, and thereafter will not be accepted for delivery, trading, registration and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of four (4) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in blue colour in order to distinguish them from the share certificates for the existing Shares which are in light green colour.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate amount of 109,500,000 Existing Shares under the Share Option Scheme. Pursuant to the terms of the Share Option Scheme and the GEM Listing Rules, the Share Consolidation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the outstanding Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The share price of the Company has been trading around HK\$0.10 recently, and the closing price of the Existing Shares on the date of this announcement was HK\$0.112. The existing board lot value has been less than HK\$2,000 at all times since mid-December 2020. The Directors consider that the proposed Share Consolidation and the Change in Board Lot Size will increase the board lot value of the Existing Shares and would bring about a corresponding upward adjustment in the expected value per board lot resulting in HK\$0.448 per Consolidated Share and HK\$2,240 per board lot of 5,000 consolidated shares. As such, it would enable the Company to comply with the trading requirements under the GEM Listing Rules. Further, the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

It is believed that the adjusted share price as a result of the Share Consolidation and the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level and will enhance the corporate image of the Company so as to make investing in the Shares more attractive to a broader range of institutional and professional investors and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation and the Change in Board Lot Size will provide greater opportunity for and more flexibility in the Company’s possible equity fund raising in the future.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

The Board believes that the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the implementation of the proposed Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Date and time
Expected date of despatch of the circular with notice of the EGM	Wednesday, 30 June 2021
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	Monday, 12 July 2021, 4:30 p.m.
Closure of register of members for the entitlement to attend and vote at the EGM	Tuesday, 13 July 2021 to Friday, 16 July 2021 (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM (not less than 48 hours prior to time of the EGM)	Wednesday, 14 July 2021, 3:00 p.m.
Expected date and time of the EGM	Friday, 16 July 2021, 3:00 p.m.
Announcement of poll results of the EGM	Friday, 16 July 2021
The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size:	
Effective date of the Share Consolidation	Tuesday, 20 July 2021
First day for free exchange of existing share certificates for new share certificates for Consolidated Shares commences	Tuesday, 20 July 2021
Commencement of dealings in the Consolidated Shares	Tuesday, 20 July 2021, 9:00 a.m.
Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	Tuesday, 20 July 2021, 9:00 a.m.

Event	Date and time
Temporary counter for trading in Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates) opens	Tuesday, 20 July 2021, 9:00 a.m.
Original counter for trading in Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	Tuesday, 3 August 2021, 9:00 a.m.
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	Tuesday, 3 August 2021, 9:00 a.m.
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins	Tuesday, 3 August 2021, 9:00 a.m.
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	Monday, 23 August 2021, 4:00 p.m.
Temporary counter for trading in board lots of 2,500 Consolidated Shares (in the form of existing share certificates) closes	Monday, 23 August 2021, 4:10 p.m.
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends	Monday, 23 August 2021, 4:10 p.m.
Last day for free exchange of existing certificates for new certificates for Consolidated Shares	Wednesday, 25 August 2021, 4:30 p.m.

WARNING

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “CONDITIONS AND EXPECTED EFFECTIVE DATE OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE”. The Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 30 June 2021.

DEFINITIONS

“Board”	the board of Directors;
“Business Day(s)”	a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays or public holidays);
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on GEM from 10,000 Existing Shares to 5,000 Consolidated Shares;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	TL Natural Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (Stock Code: 8536);
“Consolidated Share(s)”	Share(s) of HK\$0.04 each in the issued share capital of the Company immediately following the Share Consolidation;
“Director(s)”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation;
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited;
“HK\$”	the lawful currency of Hong Kong;

“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Share Consolidation”	the consolidation of every four (4) issued and unissued Shares of par value of HK\$0.01 each into one (1) Consolidated Share;
“Share Option Scheme”	the share option scheme adopted by the Company on 20 April 2018;
“Share Options”	share options granted under the Share Option Scheme entitling the holder thereof the subscribe for share(s);
“Shareholder(s)”	the holder(s) of the issued Share(s) and/or the Consolidation Share(s), as the case may be; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 21 June 2021

As at the date of this announcement, the Board comprises Mr. LIU Yong Cheng, Mr. LIU Yong Qiang and Mr. LIU Chunde as executive Directors; and Mr. LI Wai Kwan, Ms. LUO Hongru and Ms. ZENG Li as independent non-executive Directors.

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

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