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TL Natural Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8536)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 15 December 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 35,451,000 Placing Shares at the Placing Price of HK\$0.638 per Placing Share to not less than six Placees who and whose ultimate beneficial owner(s) are Independent Third Parties.

A maximum of 35,451,000 Placing Shares under the Placing represent (i) 20% of the existing issued share capital of the Company of 177,255,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 212,706,000 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company prior to the Completion.

The Placing Price of HK\$0.638 represents (i) a discount of approximately 19.24% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.65% to the average closing price of approximately HK\$0.794 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be HK\$22,617,738. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$21 million.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date: 15 December 2023 (after trading hours)

Parties:

- (a) the Company as the issuer; and
- (b) CNI Securities Group Limited as the Placing Agent. To the best of the Company's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

PRINCIPAL TERMS OF THE PLACING AGREEMENT

The principal terms of the Placing Agreement are summarised below:

Placing Shares

The Placing Agent has conditionally agreed to procure, on a best effort basis, a total of not less than six Placees to subscribe for a total of 35,451,000 new Shares at the Placing Price, upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent (i) 20% of the existing issued share capital of the Company of 177,255,000 Shares as at the date of Placing Agreement; and (ii) approximately 16.67% of the issued share capital of the Company of 212,706,000 Shares as enlarged by the allotment and issue of the Placing Shares (assuming no further change in the share capital structure of the Company prior to the Completion). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$1,418,040.

Placing Price

The price of HK\$0.638 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- i. a discount of approximately 19.24% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- ii. a discount of approximately 19.65% to the average closing price of HK\$0.794 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

Placing Commission

The Placing Agent will receive a placing commission of 3% of the aggregate amount equivalent to the Placing Price multiplied by the actual number of the Placing Shares being placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

Placees

The Placing Agent shall, on a best effort basis, place, or procure the placing of, the Placing Shares with not less than six independent institutional, corporate or individual investors who and whose ultimate beneficial owner(s) are Independent Third Parties. It is expected that immediately after the Placing, none of the Placees will become a substantial shareholder of the Company.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 35,451,000 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing by the Placing Agent of the Placing Shares under the Placing Agreement is conditional upon:

1. the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
2. any other approval as may be required by applicable laws or regulations for the Placing.

If the foregoing conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and the Placing will not proceed and all obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach.

Termination

If, at any time prior to 10:00 a.m. on the date of Completion, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (a) any material breach of the representations, warranties and undertakings set out in the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten (10) consecutive trading days save for the purposes of clearing of this announcement or circulars relating to the Placing and in the ancillary agreements thereto; or
- (c) any of the following events:
 - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Placing Shares; or
 - (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Placing Shares (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Placing Shares;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the date of Completion. All obligations of each of the parties under the Placing Agreement, save for confidentiality, indemnity and applicable law and jurisdiction and miscellaneous provisions, shall cease and determine.

Completion of the Placing

Completion of the Placing shall take place within five business days after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the sales of CNG and LNG and provision of transmission service in the PRC. The Group is also engaged in the provision of digital marketing and fast food catering businesses in the PRC.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company and to raise capital for the Group. The Directors consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be HK\$22,617,738. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$21 million, and the net price per Placing Share is approximately HK\$0.59. The net proceeds from the Placing will be used for investment in renewable energy related businesses including the relevant facilities and equipment, and general working capital of the Group.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has not conducted any other fund raising activities in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the maximum number of the Placing Shares, being 35,451,000 Shares, are placed under the Placing Agreement and that there will be no change to the total number of Shares in issue from the date of this announcement to the date of Completion other than the issue of the Placing Shares, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon the Completion is and will be as follows:

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders				
Hongsheng Enterprise Limited ("Hongsheng") ^(Note 1)	56,732,500	32.01	56,732,500	26.67
Yongsheng Enterprise Limited ("Yongsheng") ^(Note 2)	19,392,500	10.94	19,392,500	9.12
Places	–	–	35,451,000	16.67
Other public Shareholders	101,130,000	57.05	101,130,000	47.54
Total	177,255,000	100.00	212,706,000	100.00

Notes:

- (1) As at the date of this announcement, Mr. Liu Yong Qiang directly owns 100% interest of Hongsheng, which in turn holds 56,732,500 shares or approximately 32.01% 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 is also deemed to be interested in 19,392,500 Shares or approximately 10.94% of the issued Shares owned by Yongsheng as a result of being a party acting in concert with Mr. Liu Yong Cheng.
- (2) As at the date of this announcement, Mr. Liu Yong Cheng directly owns 100% interest of Yongsheng, which in turn holds 19,392,500 shares or approximately 10.94% of the issued Shares; therefore he is deemed, or taken to be interested in, all the shares held by Yongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Cheng is also deemed to be interested in 56,732,500 Shares or approximately 32.01% of the issued Shares owned by Hongsheng as a result of being a party acting in concert with Mr. Liu Yong Qiang.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the existing General Mandate.

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the conditions precedent in the Placing Agreement being fulfilled. Shareholders and potential investors should note that the Placing is also subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 16 June 2023 at which (among others) a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Company”	TL Natural Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited as amended from time to time

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with, and not acting in concert (as defined under the Takeovers Code) with the Company and its connected persons
“Long Stop Date”	5 January 2024 (or such later date as may be agreed between the Placing Agent and the Company)
“Placee(s)”	any individual(s), corporations(s) and/or institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of a maximum of 35,451,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	a conditional placing agreement dated 15 December 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.638 per Placing Share
“Placing Shares”	a maximum of 35,451,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“%”	per cent

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

Hong Kong, 15 December 2023

As at the date of this announcement, the Board comprises Mr. LIU Yong Cheng, Mr. LIU Yong Qiang and Mr. LIU Yong Sheng as executive Directors; and Ms. LUO Hongru, Ms. ZENG Li and Mr. YEUNG Chun Yue David 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 “Latest Listed Company Information” page on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company’s website at www.tl-cng.com.