

China / Hong Kong Company Update

Tian Lun Gas Holdings

Bloomberg: 1600 HK Equity | Reuters: 1600.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

1 Apr 2022

BUY (Upgrade from Hold)

Last Traded Price (31 Mar 2022): HK\$5.56 (HSI : 21,997)
Price Target 12-mth: HK\$7.40 (33% upside) (Prev HK\$9.00)

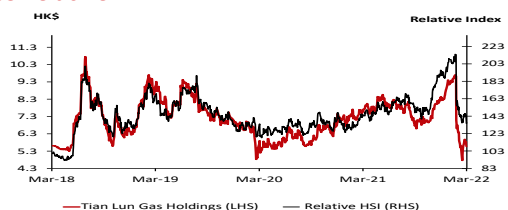
Analyst

Patricia Yeung +852 36684189 patricia_yeung@dbs.com
Ian Chui +852 36684174 ianchui@dbs.com

What's New

- 2% growth in FY21 core profit was below expectations due to lower dollar margin
- Gas volume growth target of >20% in FY22, among the highest for gas distributors
- Target to install 1GW of rooftop solar power by 2025
- Upgrade to BUY as most negatives are priced in; TP set at HK\$7.40

Price Relative



Forecasts and Valuation

FY Dec (RMBm)	2020A	2021A	2022F	2023F
Turnover	6,440	7,650	9,434	11,608
EBITDA	1,773	1,822	2,024	2,354
Pre-tax Profit	1,418	1,363	1,378	1,622
Net Profit	1,043	1,001	1,009	1,190
Net Pft (Pre-Ex) (core profit)	895	915	1,009	1,190
Net Profit Gth (Pre-ex) (%)	10.3	2.2	10.3	17.9
EPS (RMB)	1.04	1.00	0.97	1.13
EPS (HK\$)	1.29	1.24	1.19	1.40
Core EPS (RMB)	0.89	0.92	0.97	1.13
Core EPS (HK\$)	1.10	1.13	1.19	1.40
EPS Gth (%)	30.8	(3.9)	(3.6)	17.0
Core EPS Gth (%)	9.2	2.4	5.5	17.0
Diluted EPS (HK\$)	1.29	1.24	1.18	1.39
DPS (HK\$)	0.34	0.35	0.38	0.45
BV Per Share (HK\$)	5.78	6.42	7.49	8.54
PE (X)	4.3	4.5	4.7	4.0
CorePE (X)	5.0	4.9	4.7	4.0
P/Cash Flow (X)	3.2	4.0	3.5	3.1
P/Free CF (X)	4.1	6.0	13.5	111.4
EV/EBITDA (X)	4.6	5.5	5.0	4.6
Net Div Yield (%)	6.1	6.2	6.9	8.0
P/Book Value (X)	1.0	0.9	0.7	0.7
Net Debt/Equity (X)	0.7	1.0	0.8	0.7
ROAE(%)	24.3	20.2	17.4	17.4
Earnings Rev (%)			(9)	(1)
Consensus EPS (RMB)			1.14	1.28
Other Broker Recs:		B:7	S:0	H:1

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

A good bargain

Investment Thesis

Robust gas volume growth of around 20% p.a. for FY22/23. This is underpinned by around 8-10% organic growth, aggressive expansion in rural coal-to-gas conversions, and more M&A opportunities in second- and third-tier cities. Its target gas volume growth is the highest among gas distributors under our coverage. Various strategic partnerships will help Tian Lun Gas to diversify into low carbon business with an installation target of 1GW of rooftop solar power by 2025.

Positive signs for lower LNG prices ahead. We reckon the current high LNG prices at close to Rmb8,000 per ton in China is not sustainable as there are signs that prices may trend down. Demand from China is expected to be muted. We understand that LNG consumption in North East Asia had declined in 2M2022. There are cancellations of bookings at PipeChina's LNG terminal capacity for the period from April to December. LNG prices in China has also slipped recently. Softer tensions at the Ukraine border may lead to further price downtrend in LNG, a positive share price catalyst.

Valuation is too low. After our downgrade in August 2021, Tian Lun Gas' share price has corrected as much as 42%. The current valuation at around 5x FY22 PE is more than -1SD of its 5-year historical average, which is close to the previous low in March 2020. With a higher dividend payout ratio, the dividend yield is attractive at almost 7%. We believe the current valuation is a good entry point as most negatives have already been reflected.

Valuation:

We have revised down our core profit estimates by 6-12% to factor in a lower dollar margin. Given Tian Lun Gas' initiatives in low carbon business, its operation is not as predictable as before. We have thus changed our valuation method from DCF to PEG. Our new TP is set at HK\$7.40, based on 0.95x PEG.

Where we differ:

We are more bullish on Tian Lun Gas' business development and our turnover estimates are >10% higher than the market.

Key Risks to Our View:

Our call depends on the company's ability to secure new rural coal-to-gas projects from the government and new M&A deals ahead. Slow expansion progress will be negative for the share price. High LNG prices will put pressure on dollar margin.

At A Glance

Issued Capital (m shrs)	1,010
Mkt Cap (HK\$/US\$m)	5,616 / 717
Major Shareholders (%)	
Gold Shine Development Ltd.	46.6
Zhuhai Port Co., Ltd.	11.9
Zhang (Yingcen)	8.4
Koo (Yuen Kim)	6.9
Free Float (%)	26.2
3m Avg. Daily Val. (US\$m)	4.28
GICS Industry: Utilities / Gas Utilities	



Watchlist the stock on Insights Direct to receive prompt updates

DBS
Live more, Bank less

Tian Lun Gas Holdings

WHAT'S NEW

Too cheap to ignore

Tian Lun Gas reported a 2% increase in FY21 core profit to Rmb915m, behind of our estimate of 11% growth. The major reason was lower than expected dollar margin of Rmb0.49/cm (our estimate: Rmb0.53/cm). Turnover increased 18.8% to Rmb7.65bn, ahead of our estimated Rmb7.5bn. In particular, performance of value added services were encouraging with robust growth of 95% and 56% in turnover and gross profit respectively. Gas volume growth of 29% was also above expectation. The number of new connections was less than expected, particularly for rural coal-to-gas business due to delay in construction amid serious flooding in Henan. Net debt-equity ratio jumped from around 69% in FY20 to 96% in FY21. Final DPS of Rmb0.1457 was declared with total payout ratio up by 1ppt to 31%.

Despite challenges from weak economic growth in China and dollar margin pressure from high LNG prices, Tian Lun Gas gave a relatively optimistic guidance for FY22, in our view. Firstly, **Tian Lun Gas expects gas volume growth of 20-25% in FY22, which is the highest amongst gas distributors under our coverage.** We reckon the target is achievable because it has been actively acquiring more customers, with the customer base growing at 30% and 17% in FY20 and FY21 respectively. We believe its strong market presence in Henan rural township areas will allow Tian Lun Gas to enlarge its customer base by >10% going forward. In addition, Tian Lun Gas has focused on securing industrial and commercial (I&C) users, offering integrated energy solutions. This has increased gas volume growth from I&C users. In fact, overall gas volume growth in 2M2022 was strong at >20% and bodes well for the company to achieve its target. We project gas volume growth of 20-21% in FY22/23.

Second, Tian Lun Gas **expects dollar margin to decline marginally despite the current high LNG prices.** This is achieved through improvement in the cost pass-through mechanism, diversified procurement sources and higher gas volume from I&C users. In addition, cost pass-through has completed for I&C users and the positive impact will be reflected but partly offset by negative impact from high LNG prices in FY22. To be conservative, we have assumed dollar margin to go down by >Rmb0.02/cm to below Rmb0.47/cm.

The LNG price is the key factor affecting Tian Lun Gas' dollar margin. While the Ukraine crisis is the major uncertainty on LNG prices, **there are a few positive signs.** First, Asian spot LNG prices fell recently as concerns over disruptions of Russian gas have slightly eased. Second, China's winter season is coming to an end and demand will be muted. In fact, LNG consumption in North-east Asia only accounted for 54% of global LNG imports in the first two months of 2022, compared with 67% in 2021. In addition, according to data recently released by PipeChina, spare LNG receiving capacity at its seven LNG terminals was around 10m tons for April to December 2022, which is equivalent to around 49% of its capacity. This figure is higher than that released in February, indicating cancellation of bookings due to lack of demand. **All these indicate that the current high LNG price of over Rmb8,000/ton may not be sustainable. A downtrend will be a positive catalyst to Tian Lun Gas' share price.**

In addition, Tian Lun Gas' strong market presence and large customer base in rural county areas in Henan bodes well for the development of its low carbon operation. With **a target of installing 1GW of rooftop solar power by 2025**, it has already commenced construction of its first pilot project in Shilin Town, Hebi. It targets to achieve 20MW of operating capacity, 80-100MW under construction and secure new orders of 300MW in the project pipeline. If these materialize, we estimate the above will bring in EPC revenue of around Rmb410m and Rmb800m with an installation of 100MW and 250MW in FY22/23 respectively. We have yet to factor in revenue from O&M which will be upside risk on our estimates.

Tian Lun Gas' share price has corrected as much as 42% since our downgrade in August 21. Currently, the counter trades at 5x FY22 PE which is around -2SD from its 5-year historical average. Such valuation is also close to the previous trough in March 20. Thus, we believe most negatives have been reflected. With a higher dividend payout ratio, the counter now offers an attractive yield of almost 7%. **We upgrade our rating to BUY with TP of HK\$7.40** which is based on 0.95x PEG. The TP also implies 6.7x FY22 PE which is equivalent to -0.5SD of its 5-year historical average to reflect the Ukraine crisis risk.

Tian Lun Gas Holdings

Company Background

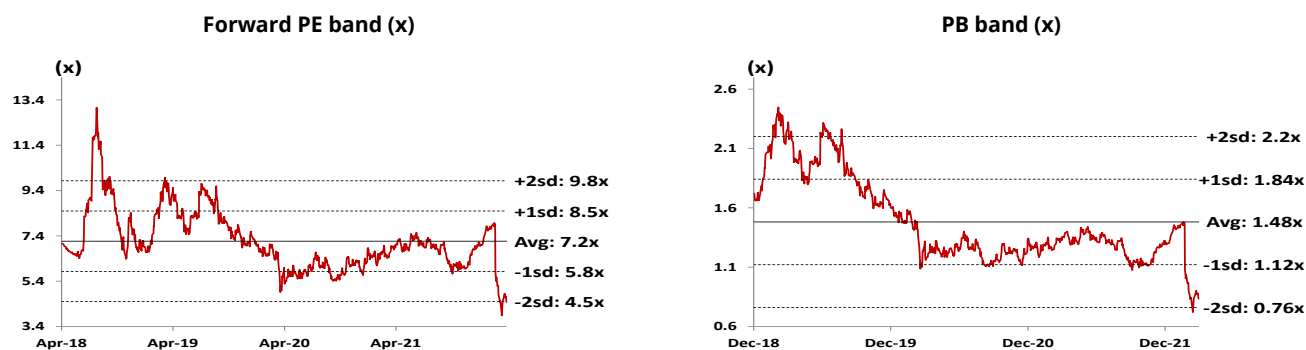
China Tian Lun Gas (Tian Lun Gas) was founded in 2002 by Mr. Zhang Yingcen and was listed in 2010 on the Hong Kong Stock Exchange. The company is involved in the development and operations of city gas projects, vehicle gas refilling stations, and long-haul pipelines. It operates most of its city gas projects in the Henan province and continues to expand nationwide.

Income Statement (RMB m)

FY Dec	2020A	2021A	% cha	vov
Revenue	6,440	7,650		18.8
Cost of Goods Sold	(4,654)	(5,871)		26.2
Gross Profit	1,786	1,779		(0.4)
Other Opng (Exp)/Inc	(231)	(264)		14.1
Operating Profit	1,555	1,516		(2.5)
Other Non Opng (Exp)/Inc	0	0		nm
Associates & JV Inc	(46)	(10)		77.6
Net Interest (Exp)/Inc	(239)	(228)		4.6
Exceptional Gain/(Loss)	148	86		(42.2)
Pre-tax Profit	1,418	1,363		(3.9)
Tax	(355)	(335)		(5.6)
Minority Interest	(20)	(27)		(35.6)
Net Profit	1,043	1,001		(4.1)
Net Profit before Except.	895	915		2.2
EBITDA	1,773	1,822		2.8
Margins & Ratio				
Gross Margins (%)	27.7	23.3		
Opg Profit Margin (%)	24.1	19.8		
Net Profit Margin (%)	16.2	13.1		

Source: Company, DBS HK

Historical PE and PB band



Source: Thomson Reuters, DBS HK

Tian Lun Gas Holdings

Key Assumptions

FY Dec	2019A	2020A	2021A	2022F	2023F
City and township gas sales volume growth (%)	7.2	7.9	28.6	21.3	20.3
New connection for residential users (city) ('000)	260.9	265.6	291.5	300.0	300.0
New connection for residential users (rural) ('000)	578.2	566.6	347.2	300.0	300.0
Dollar margin (Rmb / 100 m ³)	55.0	56.0	49.0	46.8	44.8

Source: Company, DBS HK

Segmental Breakdown (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenues (RMB m)					
Sales of natural gas in cylinders	2,980	3,061	4,090	5,268	6,464
Sales of natural gas in bulk	1,081	674	1,027	1,284	1,605
Engineering construction services	2,355	2,550	2,222	2,383	2,841
All other segments	132	155	312	499	699
Total	6,549	6,440	7,650	9,434	11,608

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	6,549	6,440	7,650	9,434	11,608
Cost of Goods Sold	(4,845)	(4,654)	(5,871)	(7,440)	(9,272)
Gross Profit	1,704	1,786	1,779	1,994	2,337
Other Opg (Exp)/Inc	(247)	(231)	(264)	(324)	(396)
Operating Profit	1,457	1,555	1,516	1,670	1,941
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	(42)	(46)	(10)	(5)	(2)
Net Interest (Exp)/Inc	(266)	(239)	(228)	(287)	(318)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	(22)	148	86	0	0
Pre-tax Profit	1,127	1,418	1,363	1,378	1,622
Tax	(314)	(355)	(335)	(338)	(398)
Minority Interest	(24)	(20)	(27)	(30)	(33)
Preference Dividend	0	0	0	0	0
Net Profit	789	1,043	1,001	1,009	1,190
Net Profit before Except.	811	895	915	1,009	1,190
EBITDA	1,651	1,773	1,822	2,024	2,354

Growth

Revenue Gth (%)	28.1	(1.7)	18.8	23.3	23.0
EBITDA Gth (%)	30.4	7.4	2.8	11.1	16.3
Opg Profit Gth (%)	33.6	6.7	(2.5)	10.2	16.2
Net Profit Gth (%)	38.7	32.2	(4.1)	0.8	17.9

Margins & Ratio

Gross Margins (%)	26.0	27.7	23.3	21.1	20.1
Opg Profit Margin (%)	22.3	24.1	19.8	17.7	16.7
Net Profit Margin (%)	12.1	16.2	13.1	10.7	10.3
ROAE (%)	20.3	24.3	20.2	17.4	17.4
ROA (%)	6.6	8.4	7.1	6.2	6.4
ROCE (%)	10.6	11.3	9.8	9.3	9.5
Div Payout Ratio (%)	29.7	26.3	28.1	32.3	32.0
Net Interest Cover (x)	5.5	6.5	6.6	5.8	6.1

Source: Company, DBS HK

Tian Lun Gas Holdings

Interim Income Statement (RMB m)

FY Dec	2H2019	1H2020	2H2020	1H2021	2H2021
Revenue	3,398	2,996	3,444	3,599	4,051
Cost of Goods Sold	(2,524)	(2,159)	(2,495)	(2,731)	(3,141)
Gross Profit	874	836	950	869	911
Other Oper. (Exp)/Inc	(136)	(108)	(124)	(109)	(155)
Operating Profit	739	729	826	760	755
Other Non Opg (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	(25)	(14)	(32)	(10)	(1)
Net Interest (Exp)/Inc	(145)	(128)	(111)	(111)	(117)
Exceptional Gain/(Loss)	(17)	(49)	198	66	19
Pre-tax Profit	552	539	880	706	657
Tax	(160)	(151)	(204)	(175)	(160)
Minority Interest	(8)	(12)	(8)	(16)	(12)
Net Profit	384	375	668	515	485
Net profit bef Except.	401	424	471	449	466
Growth					
Revenue Gth (%)	5.7	(4.9)	1.4	20.2	17.6
Opg Profit Gth (%)	(24.2)	1.4	11.8	4.3	(8.5)
Net Profit Gth (%)	8.4	(7.3)	73.9	37.4	(27.4)
Margins					
Gross Margins (%)	25.7	27.9	27.6	24.1	22.5
Opg Profit Margins (%)	21.7	24.3	24.0	21.1	18.6
Net Profit Margins (%)	11.3	12.5	19.4	14.3	12.0

Source: Company, DBS HK

Tian Lun Gas Holdings

Balance Sheet (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	2,850	3,035	3,519	4,283	5,493
Invt in Associates & JVs	0	0	0	0	0
Other LT Assets	5,191	5,521	6,371	6,247	6,124
Cash & ST Invt	1,350	1,640	1,015	1,698	1,857
Inventory	205	116	155	285	351
Debtors	2,057	2,555	3,823	4,714	5,765
Other Current Assets	286	52	223	275	339
Total Assets	11,939	12,918	15,105	17,502	19,928
ST Debt	1,312	2,295	2,058	1,858	1,738
Creditors	1,677	1,829	2,017	2,629	3,235
Other Current Liab	324	433	480	438	438
LT Debt	3,880	2,770	4,248	4,914	5,770
Other LT Liabilities	559	611	773	934	1,094
Shareholder's Equity	3,891	4,699	5,218	6,389	7,279
Minority Interests	297	281	310	340	373
Total Cap. & Liab.	11,939	12,918	15,105	17,502	19,928
Non-Cash Wkg. Capital	548	461	1,703	2,207	2,782
Net Cash/(Debt)	(3,843)	(3,425)	(5,291)	(5,074)	(5,651)
Debtors Turn (avg days)	114.7	130.7	152.1	165.1	164.7
Creditors Turn (avg days)	132.8	145.8	126.4	119.8	120.8
Inventory Turn (avg days)	16.2	13.3	8.9	11.3	13.1
Asset Turnover (x)	0.5	0.5	0.5	0.6	0.6
Current Ratio (x)	1.2	1.0	1.1	1.4	1.5
Quick Ratio (x)	1.0	0.9	1.1	1.3	1.4
Net Debt/Equity (X)	0.9	0.7	1.0	0.8	0.7
Net Debt/Equity ex MI (X)	1.0	0.7	1.0	0.8	0.8
Capex to Debt (%)	6.1	5.6	5.8	14.8	20.0
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

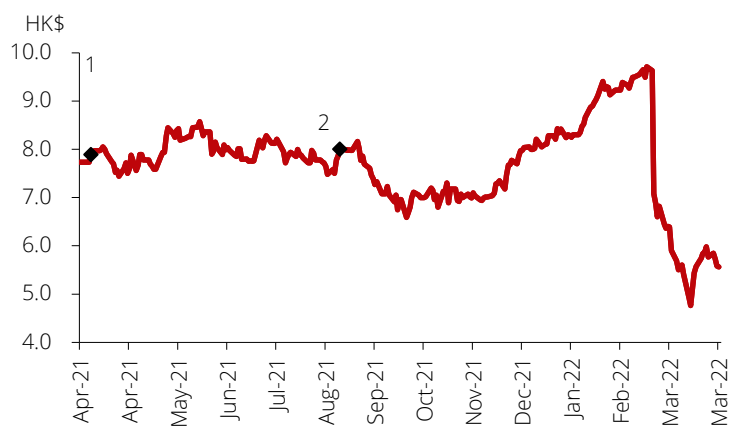
Cash Flow Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	1,127	1,418	1,363	1,378	1,622
Dep. & Amort.	236	264	317	360	414
Tax Paid	(170)	(261)	(261)	(178)	(238)
Assoc. & JV Inc/(loss)	0	0	0	5	2
(Pft)/ Loss on disposal of FAs	10	10	10	0	0
Chg in Wkg.Cap.	(234)	(247)	(1,251)	(549)	(681)
Other Operating CF	324	206	934	332	425
Net Operating CF	1,294	1,390	1,112	1,348	1,543
Capital Exp.(net)	(317)	(281)	(366)	(1,000)	(1,500)
Other Invt.(net)	0	0	0	0	0
Invt in Assoc. & JV	0	(21)	(21)	0	0
Div from Assoc & JV	8	0	0	(5)	(2)
Other Investing CF	59	(562)	(651)	0	0
Net Investing CF	(250)	(865)	(1,038)	(1,005)	(1,502)
Div Paid	(212)	(235)	(270)	(253)	(300)
Chg in Gross Debt	(295)	66	1,241	466	736
Capital Issues	0	0	0	414	0
Other Financing CF	(266)	(60)	(1,670)	(287)	(318)
Net Financing CF	(773)	(230)	(699)	341	118
Currency Adjustments	3	(5)	0	0	0
Chg in Cash	274	290	(625)	683	159
Opg CFPS (RMB)	1.54	1.63	2.36	1.81	2.11
Free CFPS (RMB)	0.99	1.11	0.75	0.33	0.04

Source: Company, DBS HK

Tian Lun Gas Holdings

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	7-Apr-21	HK\$7.89	HK\$9.20	Buy
2:	27-Aug-21	HK\$8.00	HK\$9.00	Hold

Source: DBS HK

Analyst: Patricia Yeung
Ian Chui

Tian Lun Gas Holdings

DBS HK recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 1 Apr 2022 15:54:08 (HKT)

Dissemination Date: 1 Apr 2022 16:14:36 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

Tian Lun Gas Holdings

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES


1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 29 Mar 2022.
2. **Compensation for investment banking services:**
DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.
3. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

Tian Lun Gas Holdings

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

Tian Lun Gas Holdings

Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Bank (Hong Kong) Limited

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

Tian Lun Gas Holdings

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Carol Wu

13th Floor One Island East,
18 Westlands Road, Quarry Bay, Hong Kong

Tel: 852 3668 4181

Fax: 852 2521 1812

e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua

12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982

Tel: 65 6878 8888

e-mail: groupresearch@dbs.com

Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia

Tel: 62 21 3003 4900

Fax: 6221 3003 4943

e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Pivat Tower Building,
9th, 14th-15th Floor

Rama 1 Road, Pathumwan,

Bangkok Thailand 10330

Tel. 66 2 857 7831

Fax: 66 2 658 1269

e-mail: research@th.dbs.com

Company Regn. No 0105539127012

Securities and Exchange Commission, Thailand