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CHINA LNG GROUP LIMITED

中國天然氣集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of China LNG group Limited (the “**Company**”) dated 29 October 2019 (the “**Announcement**”) in relation to the discloseable transaction in relation to the disposal and operating lease arrangement of LNG tank containers. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context other requires.

The Board would like to provide the following information in relation to the Announcement:

ADDITIONAL INFORMATION ABOUT THE PARTIES IN RESPECT OF THE TRANSACTION

The Company and its subsidiaries (the “Group”)

The principal activities of the Group are development of LNG businesses in the PRC, including point-to-point supply and wholesale of LNG, provision of LNG logistic services, sales of LNG vehicles, provision of finance leasing services for LNG vehicles, vessels and equipment in the PRC as approved by Ministry of Foreign Trade and Economic Cooperation of the PRC, trading of securities, provision of securities brokerage, margin financing and securities investments and financial services through provision of money lending business in Hong Kong.

The LNG business of the Group is to provide comprehensive solutions for the promotion and utilisation of LNG in the industrial, commercial, residential and transportation sectors throughout the PRC by establishing regional clean energy supply centers (including facilities for end-users such as point-to-point supply of LNG, LNG satellite stations and regional gas pipeline networks, LNG refueling stations, natural gas centralised heat supply and distributed energy). At the same time, the Group builds related LNG source facilities, storage facilities and logistic system to secure LNG supply for the end-user supply business. It will eventually establish a comprehensive LNG platform for online matching of supply and demand, trading, payment, settlement and financial services, to drive the use of LNG in the PRC and contribute to environmental protection through the mutual support of online and offline operations.

Ruiji Energy Technology (Tianjin) Co., Ltd. (“Ruiji Energy”)

Ruiji Energy Technology (Tianjin) Co., Ltd. and its ultimate beneficial owner, China General Technology (Group) Holding Co., Ltd* are third parties independent of the Company and connected persons of the Company.

BASIS OF DETERMINING THE CONSIDERATION FOR THE DISPOSALS AND RENT CONTEMPLATED UNDER THE LEASING AGREEMENT

Determining the consideration RMB119,700,000 for the disposals of LNG tank containers under the sale and purchase agreement was based on negotiations of both parties, with the conditions of our LNG tank containers and market price of LNG tank containers taken into consideration. The Board agreed to the consideration stated in the sale and purchase agreement dated on 26 October 2019.

The rent contemplated under the leasing agreement was determined as a result of negotiation between the Company and Ruiji Energy, with reference to the leasing price of LNG tank containers on the market and the Board agreed to the rent rate stated in the leasing agreement dated on 26 October 2019.

The Board believes that the terms of the sale and purchase agreement, the leasing agreement and the framework agreement are fair and reasonable and in the interests of the shareholders as a whole.

INTENDED APPLICATION OF THE SALE PROCEEDS

The sale proceeds of RMB119,700,000 from the disposals of the LNG tank containers under the sale and purchase agreement will be used for: 1) capex of the Company’s large-scale downstream LNG projects; and 2) the working capital of the Company’s subsidiaries conducting LNG sales business in the PRC.

CLARIFICATION OF SHAREHOLDING OF RUIJI ENERGY

Referred to the announcement date 29 October 2019, Ruiji Energy is a holding subsidiary of China National Machinery Export & Import Corporation* means Ruiji Energy is a non-wholly-owned subsidiary of China National Machinery Export & Import Corporation*.

ADDITIONAL DEFINITIONS

In the announcement dated 29 October 2019, the following expressions have the meanings set out below unless the context requires otherwise.

“Ruiji Group” A group of subsidiaries, including Ruiji Energy Technology (Tianjin) Co., Ltd.*, non-wholly-owned by China National Machinery Export & Import Corporation*

By order of the Board
China LNG Group Limited
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 1 November 2019

As at the date of this announcement, the executive Directors are Dr. Kan Che Kin, Billy Albert, Mr. Li Kai Yien, Arthur Albert and Mr. Lam Yu Yeung; the non-executive Directors are Dr. Lam, Lee G. and Mr. Simon Murray; and the independent non-executive Directors are Dr. Li Yao, Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.

* *For identification only*