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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 IN RELATION TO THE ANNUAL REPORTS FOR THE YEAR ENDED 31 MARCH 2022 AND DISCLOSEABLE TRANSACTION IN RELATION TO THE LOAN AGREEMENTS

In addition to the information on the loan receivables of the Group as set out in the 2022 Annual Reports, the Company would like to provide further information to the Shareholders regarding the loan transactions, which, when aggregated or on a stand-alone basis, constituted discloseable transactions under Chapter 14 of the Listing Rules, on the part of the Company.

On 5 November 2015, CHK Capital Finance as lender entered into Loan Agreement A with the Borrower, pursuant to which the Lender agreed to provide a loan facility in the principal amount of HK\$30,000,000 to the Borrower for a term of one year at the interest rate of 15% per annum.

On 18 November 2015, CHK Capital Finance as lender entered into Loan Agreement B with the Borrower, pursuant to which the Lender agreed to provide a loan facility in the principal amount of HK\$45,000,000 to the Borrower for a term of one year at the interest rate of 15% per annum.

On 7 March 2016, CHK Capital Finance as lender entered into Loan Agreement C with the Borrower, pursuant to which the Lender agreed to provide a loan facility in the principal amount of HK\$6,300,000 to the Borrower for a term of one year at the interest rate of 12% per annum.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan B transaction at the time of granting, on a stand-alone basis and when aggregated with the total outstanding balance of the loan granted to the Borrower pursuant to the Loan Agreement A, exceed 5% but are under 25%, the Loan B transaction at the time of granting, on a stand-alone basis and when aggregated with the total outstanding balance of the loan under Loan Agreement A, and the Loan B respective extensions, when aggregated with the total outstanding balance of the loans under Loan Agreement A and Loan Agreement C, contemplated thereunder constitutes a discloseable transactions of the Company and is therefore subject to announcement requirement but exempt from obtaining Shareholders' approval under Chapter 14 of the Listing Rules.

In addition, as one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan C transaction at the time of granting and subsequent extension, when aggregated with the total outstanding balances of the loans granted to the Borrower pursuant to the Loan Agreement A and Loan Agreement B, exceed 5% but are under 25%, the Loan C transaction at the time of granting and subsequent extension, when aggregated with the total outstanding balance of the loans under the Loan Agreement A and Loan Agreement B, contemplated thereunder constitutes a discloseable transactions of the Company and is therefore subject to announcement requirement but exempt from obtaining Shareholders' approval under Chapter 14 of the Listing Rules.

Further, as one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan A extensions, when aggregated with the total outstanding balance of the loans under Loan Agreement B and Loan Agreement C granted to the Borrower, exceed 5% but are under 25%, the Loan A respective extensions, when aggregated with the total outstanding balance of the loans under the Loan Agreement B and Loan Agreement C, contemplated thereunder constitutes a discloseable transactions of the Company and is therefore subject to announcement requirement but exempt from obtaining Shareholders' approval under Chapter 14 of the Listing Rules.

Reference is made to the 2022 Annual Reports of the Company. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

In addition to the information on the loan receivables of the Group as set out in the 2022 Annual Reports, the Company would like to provide further information to the Shareholders regarding the loan transactions, which, when aggregated, constituted discloseable transactions under Chapter 14 of the Listing Rules, on the part of the Company.

I. LOAN AGREEMENT A

On 5 November 2015, CHK Capital Finance as lender entered into Loan Agreement A with the Borrower, pursuant to which the Lender agreed to provide a loan facility in the principal amount of HK\$30,000,000 to the Borrower, a summary of the details of Loan Agreement A is set out below:

Date:	5 November 2015
Lender:	CHK Capital Finance
Borrower:	Mr. Chau

Loan A Amount:	HK\$30,000,000
Term:	12 months from the date of drawdown or later date as maybe agreed between the Lender and the Borrower, the maturity date of Loan A was initially extended 12 months since November 2016, and subsequently further extended 12 months since November 2017
Repayment:	on mature day or later days as maybe agreed between the Lender and the Borrower, the Borrower shall repay all the outstanding principal amount of Loan A, together with its interest accrued thereon, to the Lender on the next day following the expiry of the term of Loan A
Interest:	at the rate of 15% per annum and interest payment shall be chargeable monthly from the date of drawdown
Default Interest:	In the event that any outstanding amount of Loan A (together with its interest accrued thereon) is overdue, the Borrower shall pay to the Lender a default interest at the rate of 20% per annum during such overdue period
Security:	the Loan A is secured by (i) charge over shares of 3,424,658 issued shares in Key Fit; and (ii) charge over shares of 17,123,288 issued shares in Key Fit

Loan A is funded by internal resources of the Group. The terms of the Loan Agreement A have been agreed by the Lender and the Borrower after arm's length negotiation.

As at the date of this announcement, all the outstanding principal amount of Loan A has been repaid by Borrower to the Lender.

II. LOAN AGREEMENT B

On 18 November 2015, CHK Capital Finance as lender entered into Loan Agreement B with the Borrower, pursuant to which the Lender agreed to provide a loan facility in the principal amount of HK\$45,000,000 to the Borrower, a summary of the details of Loan Agreement B is set out below:

Date:	18 November 2015
Lender:	CHK Capital Finance
Borrower:	Mr. Chau
Loan B Amount:	HK\$45,000,000
Aggregate Principal Amount:	HK\$75,000,000

Term:	12 months from the date of drawdown or later date as maybe agreed between the Lender and the Borrower, the maturity date of Loan B was initially extended 12 months since November 2016, and subsequently further extended 12 months since November 2017
Repayment:	on mature day or later days as maybe agreed between the Lender and the Borrower, the Borrower shall repay all the outstanding principal amount of Loan B, together with its interest accrued thereon, to the Lender on the next day following the expiry of the term of Loan B
Interest:	at the rate of 15% per annum and interest payment shall be chargeable monthly from the date of drawdown
Default Interest:	In the event that any outstanding amount of Loan B (together with its interest accrued thereon) is overdue, the Borrower shall pay to the Lender a default interest at the rate of 20% per annum during such overdue period
Security:	the Loan B is secured by (i) charge over shares of 8,561,644 issued shares of Key Fit; and (ii) charge over shares of 20,547,945 issued shares of Key Fit

Loan B is funded by internal resources of the Group. The terms of the Loan Agreement B have been agreed by the Lender and the Borrower after arm's length negotiation.

As at the date of this announcement, the outstanding principal amount of Loan B amounts to HK\$40,000,000.

III. LOAN AGREEMENT C

On 7 March 2016, CHK Capital Finance as lender entered into Loan Agreement C with the Borrower, pursuant to which the Lender agreed to provide a loan facility in the principal amount of HK\$6,300,000 to the Borrower, a summary of the details of Loan Agreement C is set out below:

Date:	7 March 2016
Lender:	CHK Capital Finance
Borrower:	Mr. Chau
Loan C Amount:	HK\$6,300,000
Aggregate Principal Amount:	HK\$81,300,000
Term:	12 months from the date of drawdown or later date as maybe agreed between the Lender and the Borrower, the maturity date of Loan C was extended 12 months since March 2017

- Repayment: on mature day or later days as maybe agreed between the Lender and the Borrower, the Borrower shall repay all the outstanding principal amount of Loan C, together with its interest accrued thereon, to the Lender on the next day following the expiry of the term of Loan C
- Interest: at the rate of 12% per annum and interest payment shall be chargeable monthly from the date of drawdown
- Default Interest: In the event that any outstanding amount of Loan C (together with its interest accrued thereon) is overdue, the Borrower shall pay to the Lender a default interest at the rate of 20% per annum during such overdue period
- Security: the Loan C is secured by (i) second priority ranking charge over shares of 20,547,945 issued shares of Key Fit; and (ii) second priority ranking charge over shares of 17,123,288 issued shares of Key Fit

Loan C is funded by internal resources of the Group. The terms of the Loan Agreement C have been agreed by the Lender and the Borrower after arm's length negotiation.

As at the date of this announcement, the outstanding principal amount of Loan C amounts to HK\$6,300,000.

During the year of 2018, industrial production and trade slowed because of the escalation of the US-China trade conflict, which resulted in a lot of borrowers not able to repay the outstanding loans and interest on time as agreed. Loan A, Loan B and Loan C started defaulting since the passing of the extended maturity dates of the respective loans, the Lender managed to recover HK\$30,000,000 and HK\$5,000,000 principals of Loan A and Loan B respectively. The Lender also reduced the aforementioned loan interest rate to 1% to entice the borrower to be able to find ways of repaying the outstanding money and not debt laden the borrower by mounting heavy interest charges in a very difficult business environment.

In order to give the Borrower more time to settle the loan plus interest amount due, Dr. Kan Che Kin, Billy Alber ("**Dr. Kan**"), the substantial shareholder of the Company has provided personal undertaking to purchase the aforementioned Loan A, Loan B and Loan C as at 31 March 2022, should the loans are not recovered in full by the Group and accordingly the Group recognises reimbursement receivable of HK\$113,845,000 as it is virtually certain that Dr. Kan will reimburse the Group for the loss that the Group might incur if the borrower fails to pay.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in (i) the provision of the sales and distribution of LNG services in the PRC; and (ii) the financial services business, including the provision of finance leasing services for LNG vehicles and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation, to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities with the licences under the SFO, and to carry out the money lending services through a valid money lenders licence under the Money Lenders Ordinance in Hong Kong.

The Lender is an indirect subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong).

INFORMATION ON THE BORROWER

The Borrower is a merchant who was a non-controlling shareholder of Key Fit, a 60.42%-owned subsidiary of the Company. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Borrower is an Independent Third Party.

CREDIT RISK ASSESSMENT

The Group has performed credit risk assessment before provide the loans by assessing the personal net assets and other financial information of the Borrower and performing an assessment on the financial soundness of the Borrower, such as the type and value of assets owned by the Borrower, which is satisfactory.

REASONS FOR ENTERING INTO THE LOAN AGREEMENT

The grant of the loan facilities is in the Lender's ordinary and usual course of business to generate interest income. The Directors consider that the terms of the Loan Agreements are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan B transaction at the time of granting, on a stand-alone basis and when aggregated with the total outstanding balance of the loan granted to the Borrower pursuant to the Loan Agreement A, exceed 5% but are under 25%, the Loan B transaction at the time of granting, on a stand-alone basis and when aggregated with the total outstanding balance of the loan under Loan Agreement A, and the Loan B respective extensions, when aggregated with the total outstanding balance of the loans under Loan Agreement A and Loan Agreement C contemplated thereunder constitutes a discloseable transactions of the Company and is therefore subject to announcement requirement but exempt from obtaining Shareholders' approval under Chapter 14 of the Listing Rules.

In addition, as one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan C transaction at the time of granting and subsequent extension, when aggregated with the total outstanding balances of the loans under Loan Agreement A and Loan Agreement B granted to the Borrower, exceed 5% but are under 25%, the Loan C transaction at the time of granting and subsequent extension, when aggregated with the total outstanding balance of the loans under the Loan Agreement A and Loan Agreement B, contemplated thereunder constitutes a discloseable transactions of the Company and is therefore subject to announcement requirement but exempt from obtaining Shareholders' approval under Chapter 14 of the Listing Rules.

Further, as one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan A extensions, when aggregated with the total outstanding balance of the loans under Loan Agreement B and Loan Agreement C granted to the Borrower, exceed 5% but are under 25%, the Loan A respective extensions, when aggregated with the total outstanding balance of the loans under the Loan Agreement B and Loan Agreement C, contemplated thereunder constitutes a discloseable transactions of the Company and is therefore subject to announcement requirement but exempt from obtaining Shareholders' approval under Chapter 14 of the Listing Rules.

The Company would like to stress that having not aggregated the aforementioned loan transactions at the time of granting and respective extensions as if all of them were one transaction when computing the size tests was unintentional.

ACTIONS AND MEASURES TO BE TAKEN

The following actions and measures will be taken by the Company to prevent any re-occurrence of the incident arising from the loan transactions in the future:

- (a) the Company will closely monitor the latest status of all loan facilities provided to third parties, so as to ascertain whether such loan(s), on a standalone or aggregated basis, will constitute notifiable transaction of the Company under Chapter 14 of the Listing Rules;
- (b) managing director and responsible officers of the Company are committed to pay particular attention in respect of disclosable transaction under Chapter 14 of the Listing Rules. On an ongoing basis, the Company will work more closely with its compliance officer and company secretary on compliance issues and shall, as and when appropriate and necessary, seek advice from external professional advisers on disclosure or compliance requirements under the Listing Rules before providing loan to an entity or entering into any potential notifiable transaction;
- (c) the Company will consult the Stock Exchange before entering into any proposed transaction(s) in accordance with Chapter 14 of the Listing Rules whether the transactions should be aggregated, in case of any doubt.

DEFINITIONS

“2022 Annual Reports”	the annual reports of the Company for the year ended 31 March 2022
“associate”	has the same meaning as ascribed to it under the Listing Rules
“Board” or “Directors”	board of directors of the Company
“Borrower”	the borrower under the Loan Agreements, Mr. Chau Kin Shing (“ Mr. Chau ”), being an Independent Third Party to the Company
“Company”	China LNG Group Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Third Party(ies)”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Key Fit”	Key Fit Group Limited, a company incorporated in Hong Kong with limited liability and a 60.42%-owned subsidiary of the Company
“Lender” or “CHK Capital Finance”	China Hong Kong Capital Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan A” or “Loan Agreement A”	the loan agreement dated 5 November 2015 entered into between the Lender and the Borrower relating to the granting of the HK\$30,000,000 loan facility in accordance with the terms of loan agreement
“Loan B” or “Loan Agreement B”	the loan agreement dated 18 November 2015 entered into between the Lender and the Borrower relating to the granting of the HK\$45,000,000 loan facility in accordance with the terms of loan agreement
“Loan C” or “Loan Agreement C”	the loan agreement dated 7 March 2016 entered into between the Lender and the Borrower relating to the granting of the HK\$6,300,000 loan facility in accordance with the terms of loan agreement
“Loan Agreements”	jointly or severally refer to Loan Agreement A, Loan Agreement B and Loan Agreement C
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shareholders”	holders of the ordinary shares of HK\$0.02 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 1 November 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Kan Che Kin, Billy Albert (Chairman) and Mr. Li Kai Yien, Arthur Albert; three non-executive Directors, namely Dr. Lam, Lee G., Mr. Simon Murray and Mr. Xiao Cong; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.

* *For identification purposes only*