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## **CHINA LNG GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 931)**

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF SHARES IN KEY FIT GROUP LIMITED**

#### **THE DISPOSAL**

On 18 May 2015, the Company and the Purchasers entered into the Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares, representing 48.92% of the total number of Target Company Shares upon Completion, for the Consideration of HK\$1,000,000,000. The Target Company will be owned as to 51.08% by the Company and 48.92% by the Purchasers after the Completion.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchasers and their respective ultimate beneficial owners are Independent Third Parties.

The Disposal is expected to record a profit of approximately of HK\$509.8 million. The Directors expect that HK\$100 million (being 10% of the Consideration which have been received by the Company upon signing of the Agreement) will be used for the Subscription, approximately HK\$1.2 million will be applied for payment of fees and expenses in connection with the Disposal, approximately HK\$600 million will be repaid to Mr. Kan for the settlement of the Loan and the remaining proceeds of the Disposal of approximately HK\$298.8 million (subject to the obtaining of approval from the Hong Kong Government that there will be no deduction of tax on the Disposal) will be used for the development of the LNG businesses, future potential investments and general working capital of the Group.

## **IMPLICATIONS OF THE LISTING RULES**

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but is below 75%, the Disposal constitutes a major transaction for the Company which is subject to the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules. Since the Company had obtained a written approval from Mr. Kan for the Disposal in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules prior to proceeding with the Disposal, no general meeting of the Company was required to be convened to approve the Disposal.

A circular containing, among others, further details of the Disposal, will be despatched to the Shareholders on or before 8 June 2015 in accordance with the Listing Rules.

**As the Completion is subject to the Conditions Precedent, the Disposal may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.**

## **THE AGREEMENT**

On 18 May 2015, the Company and the Purchasers entered into the Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares, representing 48.92% of the total number of Target Company Shares upon Completion, for the Consideration of HK\$1,000,000,000.

The principal terms of the Agreement are as follow:

**Date:** 18 May 2015

**Parties:** (1) the Company (as the Vendor)

(2) the Purchasers

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchasers and their respective ultimate beneficial owners are Independent Third Parties and there was no previous transaction entered into between the Company and the Purchasers before the date of this announcement which requires aggregation under Rule 14.22 of the Listing Rules.

## Assets to be disposed

The Sale Shares, which will represent 48.92% of the total number of Target Company Shares upon Completion, will be sold to the Purchasers in the following manner:

Name of Purchaser	Number of Sale Shares	Consideration (HK\$)	Deposit received (HK\$)	Remaining balance of the Consideration (HK\$)
Ms. Tsui	1,712,329	5,000,000	500,000	4,500,000
Mr. Shie	1,712,329	5,000,000	500,000	4,500,000
Mr. Ho	1,712,329	5,000,000	500,000	4,500,000
Mr. Huang	1,712,329	5,000,000	500,000	4,500,000
Mr. J. Wang	3,424,658	10,000,000	1,000,000	9,000,000
Mr. Jia	3,424,658	10,000,000	1,000,000	9,000,000
Mr. Chung	3,424,658	10,000,000	1,000,000	9,000,000
Mr. Chau	3,424,658	10,000,000	1,000,000	9,000,000
Mr. Cheung	6,849,315	20,000,000	2,000,000	18,000,000
Mr. Bian	6,849,315	20,000,000	2,000,000	18,000,000
Mr. J. Lin	10,273,973	30,000,000	3,000,000	27,000,000
Spring Ample	17,123,288	50,000,000	5,000,000	45,000,000
Mr. Lin	20,547,945	60,000,000	6,000,000	54,000,000
Tian Heng	20,547,945	60,000,000	6,000,000	54,000,000
Ms. Y. M. Yu	23,972,603	70,000,000	7,000,000	63,000,000
Mars Int'l	34,246,575	100,000,000	10,000,000	90,000,000
AAA Mining	44,520,548	130,000,000	13,000,000	117,000,000
IFC Pearl	68,493,151	200,000,000	20,000,000	180,000,000
Ms. H. P. Yu	68,493,151	200,000,000	20,000,000	180,000,000
	<b><u>342,465,757</u></b>	<b><u>1,000,000,000</u></b>	<b><u>100,000,000</u></b>	<b><u>900,000,000</u></b>

The Target Company is principally engaged in trading of securities. Upon Completion, the Target Company will be owned as to 51.08% by the Company and 48.92% by the Purchasers.

There is no restriction imposed on the Purchasers regarding the further transfer of the Sale Shares.

## Consideration

The Consideration, being HK\$1,000,000,000, shall be payable by the Purchasers in cash as follows:

- (a) an aggregate of HK\$100,000,000 (being 10% of the Consideration) which was paid by the Purchasers upon the signing of the Agreement by the Purchasers as Deposit; and

- (b) an aggregate of HK\$900,000,000 (being the balance of the Consideration) which shall be payable by the Purchasers to the Company upon Completion (provided that if any of the Purchasers shall fail to pay such balance, the Vendor may forfeit the relevant Deposit paid by such Purchaser as liquidated damages for its or his or her breach of the Agreement and the Vendor may at its absolute discretion sell the relevant Sales Shares to others without giving any notice to such Purchaser).

The Consideration was agreed after arm's length negotiation between the Company and the Purchasers at a premium and on normal commercial terms and determined with reference to a number of factors including the audited net asset value of the Target Company of approximately HK\$331 million as at 31 December 2014 and the profitable track record of the Target Company in the past few years. Based on the factors mentioned above, the Consideration payable by the Purchasers is considered by the Board as fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **Conditions Precedent**

Completion is subject to, among other things, the following Conditions having been fulfilled or waived:

- (a) the Subscription having been completed;
- (b) (if applicable) the passing of the necessary resolutions by the Shareholders to approve, among other matters, the Agreement and the transactions contemplated hereunder, and all other consents and acts required by the Company under the Listing Rules and other applicable laws and regulations having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained by the Company from the Stock Exchange;
- (c) all necessary approvals or consents from the relevant governmental or regulatory authorities in Hong Kong (including but not limited to the approvals or consents from the Stock Exchange) required by the parties for the consummation of the transactions contemplated herein having been obtained under the applicable laws and regulations and the Listing Rules; and
- (d) the warranties each given by the Company and the Purchasers remain true and correct on the Completion Date.

If the Conditions have not been fulfilled or waived on or before the Long Stop Date,

- (a) the Agreement will lapse and become null and void and the Company and the Purchasers will be released from all obligations hereunder, save for liabilities for any antecedent breaches hereof; and
- (b) the Deposit shall be rebated to the Purchasers within three (3) days from the Long Stop Date.

## Completion

Completion shall take place at the offices of the Company at 8/F., St. John's Building, 33 Garden Road, Central, Hong Kong at 11:00 a.m. on the Completion Date (or at such other place, on such other time and/or day as the parties may agree in writing) when all the Conditions having been fulfilled or waived by the relevant parties.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong. As at the date of this announcement, the Target Company has one Target Company Share in issue, which is legally and beneficially owned by the Company. After completion of the Subscription but prior to the Completion, the Target Company will have 700,000,000 Target Company Shares in issue, all of which will be legally and beneficially owned by the Company. Upon Completion, the Company shall own 357,534,243 Target Company Shares and the Purchasers shall in aggregate own 342,465,757 Target Company Shares.

The Target Company is principally engaged in trading of securities. The net asset value of the Target Company is approximately HK\$331 million as at 31 December 2014 and an estimated net asset value of the Target Company is approximately HK\$1 billion as at the Long Stop Date.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

The followings are financial information on the Target Company for the two years ended 31 December 2014 which were prepared in accordance with the accounting policies of HKFRSs:

<b>Target Company</b>	<b>For the year ended 31 December</b>	
	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Net profit before taxation	23,286	353,187
Net profit after taxation	21,472	295,597

## INFORMATION OF THE PURCHASERS

Each of the Purchasers is an Independent Third Party. Save for AAA Mining, Mars Int'l, IFC Pearl, Spring Ample and Tian Heng, all other Purchasers are natural persons.

AAA Mining is a company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is beneficially owned by Mr. Wang and Mrs. Wang equally. The principal business activity of AAA Mining is investment holding.

Mars Int'l is a company incorporated in Hong Kong with limited liability and its entire issued share capital is beneficially owned by Mr. Li. The principal business activity of Mars Int'l is investment holding.

IFC Pearl is a company incorporated in Hong Kong with limited liability and its entire issued share capital is beneficially owned by Mr. Chiang. The principal business activity of IFC Pearl is investment holding.

Spring Ample is a company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is beneficially owned by Mr. Chau. The principal business activity of Spring Ample is investment holding.

Tian Heng is a company incorporated in the Republic of Seychelles with limited liability and its entire issued share capital is beneficially owned by Mr. Chau. The principal business activity of Tian Heng is investment holding.

## **REASONS FOR THE DISPOSAL**

The Company is an investment holding company and its subsidiaries are principally engaged in trading of securities, property investment and development of the liquefied natural gas (“LNG”) businesses.

The Board constantly reviews the Company's business strategy in maximising the value of the Company and continues to explore attractive business opportunities. Given the Disposal allows the Group to realise the Sale Shares into cash and improve the financial position of the Group and the subscription money in relation to the Subscription shall be funded by the Loan, the Directors consider it is a good opportunity for the Company to dispose of the Sale Shares at a reasonable price, the net proceeds of which will be used for the development of the LNG businesses, future potential investments and general working capital of the Group.

The Board is of the view that the Disposal is in the interest of the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

After Completion, the Target Company will remain as a non wholly-owned subsidiary of the Company. The unaudited carrying value per Sale Share after the completion of the Subscription is approximately HK\$1.47, determined with reference to the net asset value of the Target Company as shown in the audited statement of financial position of the Target Company as at 31 December 2014.

The followings are financial information on the Sale Shares with reference to the net profits of the Target Company (before taxation and after taxation) for the two years ended 31 December 2014:

<b>Target Company</b>	<b>For the year</b>	
	<b>ended 31 December</b>	
	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net profit before taxation per Sale Share	0.03	0.50
Share of net profit after taxation per Sale Share	0.03	0.42

The Disposal is expected to give rise to an unaudited estimated profit of approximately HK\$509.8 million to the Company upon Completion, which is arrived at by deducting the related expenses of approximately HK\$1.2 million and estimated fair value of the Sale Shares after the Subscription in the amount of approximately HK\$489 million from the gross proceeds of the Disposal of HK\$1,000,000,000 (being the Consideration). The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

The Directors expect that HK\$100 million (being 10% of the Consideration which have been received by the Company upon signing of the Agreement) will be used for the Subscription, approximately HK\$1.2 million will be applied for payment of fees and expenses in connection with the Disposal, approximately HK\$600 million will be repaid to Mr. Kan for the settlement of the Loan and the remaining proceeds of the Disposal of approximately HK\$298.8 million (subject to the obtaining of approval from the Hong Kong Government that there will be no deduction of tax on the Disposal) will be used for the development of the LNG businesses, future potential investments and general working capital of the Group.

## **IMPLICATIONS OF THE LISTING RULES**

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but is below 75%, the Disposal constitutes a major transaction for the Company and will be subject to reporting, announcement and approval of the Shareholders by way of poll pursuant to Chapter 14 of the Listing Rules in general meeting. Since the Company had obtained a written approval from Mr. Kan for the Disposal in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules prior to proceeding with the Disposal, no general meeting of the Company was required to be convened to approve the Disposal.

As at the date of this announcement, Mr. Kan directly holds 7,845,915,718 Shares and indirectly holds 3,700,000 Shares through Ground Up Profits Limited (a company wholly owned by Mr. Kan), representing an aggregate of approximately 69.61% of the issued share capital of the Company. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, each of the Purchasers is an Independent Third Party and therefore no Shareholder would be required to abstain from voting on the resolution approving the Disposal if the Company were to convene a general meeting for the approval of the Disposal. On the basis set out above, the Company proposes, under Rule 14.44 of the Listing Rules, to make use of a written Shareholders' approval in respect of the Disposal.

A circular containing, among others, further details of the Disposal, will be despatched to the Shareholders on or before 8 June 2015 in accordance with the Listing Rules.

**As the Completion is subject to the Conditions Precedent, the Disposal may or may not proceed. Shareholders and investors should exercise caution when dealing in securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“AAA Mining”	AAA Mining Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which together with its ultimate beneficial owner(s) are Independent Third Parties
“Agreement”	the conditional sale and purchase agreement dated 18 May 2015 entered into between the Company and the Purchasers in relation to the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than Saturday) on which banks are open in Hong Kong for general banking business
“Consideration”	the total consideration of HK\$1,000,000,000 for the Disposal to be paid by the Purchasers to the Company pursuant to the Agreement
“Company” or “Vendor”	China LNG Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 931)
“Completion”	completion of the Disposal pursuant to the sub-paragraph headed “Completion” in this announcement
“Completion Date”	two (2) Business Days after fulfillment of the Conditions, or such other date as the parties may agree, and provided that such date shall not be later than the Long Stop Date
“Conditions”	the conditions precedent set out in sub-paragraph headed “Conditions Precedent” in this announcement
“Deposit”	an aggregate of HK\$100,000,000 (being 10% of the Consideration) which was paid by the Purchasers upon the signing of the Agreement by the Purchasers to the Company as deposit and part payment of the Consideration



“Director(s)”	the directors of the Company
“Disposal”	the proposed disposal of the Sale Shares pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Government”	the government of Hong Kong
“IFC Pearl	IFC Pearl Investment Limited (寶來投資有限公司), a company incorporated under the laws of Hong Kong with limited liability, which together with its ultimate beneficial owner(s) are Independent Third Parties
“Independent Third Party(ies)”	person(s) or company(ies) which is or are independent of and not connected with any of the connected persons (as defined under the Listing Rules) of the Company and any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loan”	an interest-free loan amounting to approximately HK\$600 million to be granted by Mr. Kan to the Company in relation to the Subscription
“Long Stop Date”	21 August 2015
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange, and for the avoidance of doubt, the Main Board exclude the Growth Enterprise Market
“Mars Int’l”	Mars International Group Limited (火星國際集團有限公司), a company incorporated under the laws of Hong Kong with limited liability, which together with its ultimate beneficial owner(s) are Independent Third Parties
“Mr. Bian”	Bian Baozhong (邊寶忠), an Independent Third Party
“Mr. Chau”	Chau Kin Shing (周健成), the sole shareholder of Spring Ample and Tian Heng and an Independent Third Party

“Mr. Cheung”	Cheung Tuen Ting (張端亭), an Independent Third Party
“Mr. Chiang”	Chiang Kai Leung (蔣佳良), the sole shareholder of IFC Pearl and an Independent Third Party
“Mr. Chung”	Chung Yick Wing (鍾翊榮), an Independent Third Party
“Mr. Ho”	Ho Ping (賀平), an Independent Third Party
“Mr. Huang”	Huang Yinrong (黃銀榮), an Independent Third Party
“Mr. J. Lin”	Lin Juntao (林俊濤), an Independent Third Party
“Mr. Jia”	Jia Minghui (賈明暉), an Independent Third Party
“Mr. Li”	Li Hiu Yan (李曉欣), the sole shareholder of Mars Int’l and an Independent Third Party
“Mr. Kan”	Kan Che Kin, Billy Albert, the executive director, chairman and controlling shareholder of the Company
“Mr. Lin”	Lin Rui Ping (林瑞平), an Independent Third Party
“Mr. Shie”	Shie Thomas (佘啟光), an Independent Third Party
“Mr. J. Wang”	Wang Jianming (王建明), an Independent Third Party
“Mr. Wang”	Wang Chun Lin (王春林), a shareholder who owns 50% of the issued share capital of AAA Mining, the spouse of Mrs. Wang and an Independent Third Party
“Mrs. Wang”	Chan Hiu Lai Caroline (陳曉黎), a shareholder who owns 50% of the issued share capital of AAA Mining, the spouse of Mr. Wang and an Independent Third Party
“Ms. Tsui”	Tsui Annie (徐愛妮), an Independent Third Party
“Ms. H. P. Yu”	Yu Hung Ping (余紅萍), an Independent Third Party
“Ms. Y. M. Yu”	Yu Yan Mei (余欣鎂), an Independent Third Party
“PRC”	People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan

“Sale Shares”	342,465,757 Target Company Shares
“Shareholders”	holders of the Shares and the term “ <b>Shareholder</b> ” shall be construed accordingly
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and the term “ <b>Share</b> ” shall be construed accordingly
“Spring Ample”	Spring Ample Investments Limited (春豐投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, which together with its ultimate beneficial owner(s) are Independent Third Parties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for 699,999,999 Target Company Shares by the Company for a consideration of HK\$699,999,999 immediately before Completion
“Target Company”	Key Fit Group Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Target Company Shares”	ordinary shares in the share capital of the Target Company, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and the term “ <b>Target Company Share</b> ” shall be construed accordingly
“Tian Heng”	Tian Heng Hui Fu Investment Limited (天恆匯富投資有限公司), a company incorporated under the laws of the Republic of Seychelles with limited liability, which together with its ultimate beneficial owner(s) are Independent Third Parties
“Purchasers”	Ms. Tsui, Mr. Shie, Mr. Ho, Mr. Huang, Mr. J. Wang, Mr. Jia, Mr. Chung, Mr. Chau, Mr. Cheung, Mr. Bian, Mr. J. Lin, Spring Ample, Mr. Lin, Tian Heng, Ms. Y. M. Yu, Mars Int’l, AAA Mining, IFC Pearl and Ms. H. P. Yu

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent

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

Hong Kong, 18 May 2015

*As at the date of this announcement, the executive Directors are Mr. Kan Che Kin, Billy Albert, Mr. Chen Li Bo, Ms. Li Shu Han, Eleanor Stella and Mr. Li Kai Yien, Arthur Albert; the non-executive Directors are Mr. Simon Murray and Dr. Lam, Lee G; and the independent non-executive Directors are Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.*