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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)

INSIDE INFORMATION

(1) INVESTMENT COOPERATION AGREEMENT IN RELATION TO NORTHWEST CLEAN ENERGY LOGISTICS BASE WITH THE PEOPLE'S GOVERNMENT OF

ZHUANGLI TOWN FUPING COUNTY SHAANXI PROVINCE

AND

(2) COOPERATION AGREEMENT IN RELATION TO LNG RESERVE PEAK SHAVING CENTER AND TOWNSHIP CLEAN ENERGY PROJECT IN SOUTH EAST HUBEI ENTERED INTO WITH ADMINISTRATIVE COMMITTEE OF HUANGGANG CITY OF HUBEI PROVINCE

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions.

INSIDE INFORMATION

Investment cooperation agreement entered into with People's Government of Shaanxi Province Fuping County Zhuangli town in relation to the northwest clean energy logistics base and the cooperative agreement entered with Administrative Committee of Huanggang City of Hubei Province in respect of the LNG reserve peak shaving center and township clean energy project in southeast Hubei.

The board (the "Board") of directors (the "Director") of the Company are pleased to announce that on 14 July 2017, 陝西港能物流 (a wholly owned subsidiary of the Company) and the People's Government of Zhuangli Town, Fuping County, Shaanxi entered into an investment cooperation agreement in relation to investment and construction of a clean energy logistics base for the development of liquefied natural gas business in the PRC. Furthermore, on 17 July 2017, Hubei Gangcheng Energy (湖北港誠能源, a wholly owned subsidiary of the Company) obtained the investment project registration certificate issued by Huanggang City of Hubei Province in relation to the LNG reserve peak shaving center and Nanhu refilling station under the township clean energy project contract.

The Board wishes to emphasize that no binding agreement in relation to the Cooperation has been entered into as at the date of this announcement. Therefore, the Cooperation may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the shares of the Company. Further announcements in respect of the Cooperation will be made by the Company as and when appropriate in accordance with the Listing Rules.

This announcement is made by China LNG Group Limited (the “Company” and its subsidiaries, collectively referred to as the “Group”) pursuant to Rule 13.09(2) of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The purpose of this announcement is to enable the shareholders of the Company (the “Shareholders”) and the public to appraise the position of the Group.

INVESTMENT COOPERATION AGREEMENT OF NORTHWEST CLEAN ENERGY LOGISTICS BASE

We are pleased to announce that on 14 July 2017, 陝西港能物流有限公司, a wholly-owned subsidiary of the Company, and the People’s Government of Shaanxi Province Town-level Small Cities Comprehensive Reform Experimental Zone (Zhuangli Town) entered into an investment cooperation agreement in relation to investment and construction of a clean energy logistics base for the development of liquefied natural gas (LNG) business in the PRC.

The cooperation is as follows:

- 1) 陝西港能物流 agreed to construct the North Western Clean Energy Logistics Base Project (the “Project”) in the Zhuangli Industrial Park of Fuping County, Shaanxi. Total investment of the Project is approximately RMB400 million and the construction period will be two years. The first phase of investment amounting to RMB170 million in the second half of 2017 will cover an area of 80 hectares and the construction of LNG and CNG refuelling stations, and ancillary facilities such as power supply and distribution station, facilities rooms, car park for electric cars, logistics car park and roads. The second phase of investment amounting to RMB230 million in 2018 will cover an area of 120 hectares and the construction of an office building complex, staff dormitory, temporary car park, hardened pavements and greening.
- 2) The Zhuangli Town government will provide the site of approximately 200 hectares for the Project (actual site area is subject to final measurement). The site to be delivered will meet the requirement of commercial use with “five accesses and one surface clearing”, which mainly includes road, power supply, water supply, drainage and sewerage, communication and land surface clearing.
- 3) The Zhuangli Town government will assist 陝西港能物流 to complete preliminary procedures of the Project such as for business registration, qualification for transport of hazardous chemicals on road and operating license for hazardous chemicals.

Note: On 29 June 2017, as a prerequisite, the Project has obtained the notice of accepting the filing of the North Western Clean Energy Logistics Base Project issued by the Economic Development and Finance Bureau of the Zhuangli Experimental Zone.

Information on Zhuangli Town and benefits of the investment agreement

- 1) Zhuangli Town is one of the first four pilot town-level small cities for comprehensive reform of Shaanxi province. It is a key development zone in the main functional area determined under the 13th Five-year Plan of Shaanxi, an industrial park zone with key support from the Shaanxi government and among the first lot of pilot park zones for low-carbon economy. It is also an important transportation hub linking the whole country. The construction of the North Western Clean Energy Logistics Base has gained strong policy support of the local government.
- 2) As the business of LNG end-user sales of China LNG Group in the PRC expands unceasingly, having its own logistics base and logistics vehicle fleet can secure and enhance the Company's supply of natural gas.
- 3) Based on the support of its own end-user business and own large-scale LNG storage center, the Company's bargaining and cooperation power with upstream gas source companies will forevermore be stronger and stronger, and the power to protect our customers to have a stable gas supply throughout the year.
- 4) While logistics promote trade and trade spur transportation, it is expected that the Project will contribute revenue of RMB312 million per year after its completion (of which, revenue from LNG transportation will be RMB240 million, LNG refueling station of RMB63 million, vehicle inspection and maintenance including other income from car park and charging posts of RMB9 million), whereby the Company will achieve impressive investment returns from the Project.

The Board wishes to emphasize that no binding agreement in relation to the Cooperation has been entered into as at the date of this announcement. Deposit for the site is likely to be paid in the next week so that the agreement will only be binding by then, investors and Shareholders are urged to exercise caution when dealing in the shares of the Company. Further announcement in respect of the possible Cooperation will be made by the Company as and when appropriate in accordance with the Listing Rules.

COOPERATION AGREEMENT IN RELATION TO LNG RESERVE PEAK SHAVING CENTER AND TOWNSHIP CLEAN ENERGY PROJECT IN SOUTHEAST HUBEI

The Company is pleased to announce that, on 17 July 2017, Gangneng Natural Gas Co., Ltd., 港能天然氣有限公司 a wholly-owned subsidiary of the Group, obtained the investment project registration certificate issued by Huanggang City of Hubei Province, in relation to the Nanhu LNG/L-CNG refueling stations projects applied by Hubei Gangcheng Energy Co., Ltd., 湖北港誠有限公司, its wholly-owned subsidiary, which are in line with the national industrial policies, and the pre-construction procedures of the projects are in compliance with the laws and regulations, so the construction is filed and approved. The launching of the Nanhu refilling stations mark the comprehensive start of China LNG Group's LNG reserve peak shaving center and township clean energy comprehensive project in the southeast of Hubei.

Natural gas projects in southeast of Hubei

Gangneng Natural Gas Co., Ltd. entered into the "China LNG Group's LNG Reserve Peak Shaving Center and Township Clean Energy Project in the Southeast of Hubei Contract" with Huanggang City of Hubei Province, in relation to the investment and construction of comprehensive natural gas utilization project of in Huanggang City. In accordance with the contract:

- 1) Total investment of the project is RMB 1.26 billion, and the construction period is of three years, among which:
 - The first phase of investment is RMB248 million, to construct 1 LNG reserve facility of 10,000 cubic meters, 15 standardized industrial direct gasification stations, construct one Nanhu refilling station and one Taodian refilling station, one integrated office building of 3,000 square meter, and purchase 50 LNG carrier vehicles.
 - The second phase of investment is RMB1.012 billion, to construct 60 refilling stations, gas stations and township clean energy transformation in 50 townships and 10 tourist attractions.
- 2) The Huanggang Urban Integration Development Committee agrees to grant the project a certain amount of financial incentives and industrial support funds for the infrastructure construction of the projects.

Benefits of Huanggang City and natural gas comprehensive projects in southeast of Hubei

- 1) Huanggang is located at the eastern part of Hubei Province, located at the junction of Wu Wei and the four provinces of Hubei and Jiangxi, possesses exceptional location advantages of "connecting east and west, pass through north and south, reaching river and sea". Huanggang City is one of the main producing areas of yellow sand in China, according to statistics by the Transportation Department of Huanggang City, yellow sand transportation accounted for more than 90% of the total road transport of the city.

- 2) In view of the price gap between natural gas and diesel oil, the willingness of owners of the yellow sand transportation industry to change from coal to gas are strong. The Group intends to provide financial leasing support to the yellow sand vehicles in Huanggang City, it is expected that the cleaning replacement of 4,000 yellow sand vehicles will be completed within three years.
- 3) Natural gas comprehensive projects in southeast of Hubei not only provide adequate gas protection for the coal to gas of the yellow sand vehicles, but also help the government to achieve the goal of cleaning and transformation of township energy.
- 4) After the project is fully commissioned, it is expected to contribute sales revenue of RMB1,380 million every year, of which RMB576 million will be realized from refilling stations, income of RMB730 million realized from the industrial direct gasification stations and RMB75 million realized from the gasification and township projects. The Group will achieve substantial and attractive investment returns from such projects.

Projects' Progress

- 1) In order to promote the project, Huanggang City government has issued a "Full Service Orders for Investment Enterprises" which requires the relevant departments to handle the relevant procedures to provide full quality service quickly.
- 2) China LNG Group has set up three wholly-owned subsidiaries projects in Huanggang City, Hubei Gangcheng Energy Co., Ltd. 湖北港誠能源有限公司, Hubei Gangxin Energy Co., Ltd. 湖北港信能源有限公司, Hubei Jinsheng Natural Gas Co., Ltd. 湖北錦盛天然氣有限公司, among which:
 - a. Hubei Gangcheng Energy Co., Ltd., as the construction unit to invest in the construction of Nanhu refilling station and also as the natural gas comprehensive utilization project start-up project in southeast Hubei. Hubei Gangcheng has obtained the Nanhu refilling stations investment project certificates issued by the Huanggang High-tech Zone Economic Development Bureau on 17 July 2017.
 - b. Hubei Gangxin Energy Co., Ltd., as the construction unit to invest in the construction of Taodian refilling station, the investment project has been filed with the Hubei Provincial Development and Reform Commission.
 - c. Hubei Jinsheng Natural Gas Co., Ltd., as the construction unit to invest and construct LNG peak shaving center which possess LNG Dewar bottle filling function, which is currently under the project preparatory work.

The Board wishes to emphasize that no binding agreement in relation to the Cooperation has been entered into as at the date of this announcement. Therefore, the Cooperation may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the shares of the Company. Further announcements in respect of the Cooperation will be made by the Company as and when appropriate in accordance with the Listing Rules.

The above-mentioned two projects will be funded in part by internal resources and industry fund, with the remaining funding make up by bank borrowings.

During the year 2017, the Group continues to focus on development of liquefied natural gas (“LNG”) business in the People’s Republic of China. Currently, the Group’s sale of LNG business mainly in point-to-point supply to industrial users and wholesale of LNG through LNG tankers.

According to the existing current contracts, the Group anticipates to record sale of LNG of a total volume of 1,718 million cubic meters and revenue of HK\$3.4 billion for the year 2017.

The Group has 6 natural gas utilization projects of very large scale which is in the approval process by the relevant authorities, with total investment of RMB5,530 million, which the total sale volume of gas and sale revenue for the first three years are estimated to be of 4,583 million cubic meters and RMB14,550 million.

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

Hong Kong, 18 July 2017

As at the date of this announcement, the executive Directors are Mr. Kan Che Kin, Billy Albert, Mr. Chen Li Bo and Mr. Li Kai Yien, Arthur Albert; the non-executive Directors are Dr. Lam, Lee G. and Mr. Simon Murray; and the independent non-executive Directors are Mr. Li Siu Yui, Mr. Au Yeung Po Fung and Mr. Lam Lum Lee.

* *for identification purpose only*