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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)

PROFIT WARNING

This announcement is made by China LNG Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") pursuant to Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform shareholders of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 (the "**Management Accounts**") and assessment of the information currently available to the Board, the Group is expected to record a net loss for the year ended 31 December 2017 as compared to a net profit for the year ended 31 December 2016. The estimated loss was mainly due to (i) Realised loss on disposal of derivative financial instruments. (ii) Realised loss on disposal of financial assets. (iii) In 2017, a crucial year for the intensive promotion of "coal-to-gas" in Northern China, numerous small-scale coal-fired boilers and scattered coal consumption for heating by residents were required to be replaced by natural gas; five major power plants in Beijing also completed the use of natural gas (clean energy) as substitute; thus generating a high demand for natural gas in winter 2017. Yet, the Central Asian countries, one of the major sources for pipeline gas in the PRC, had significantly cut down the export volume to the PRC due to the rise in their own demands. Extensive "gas shortage" thus arose in the PRC from the increasing demand and reducing supply. In view of the temporary shortage of domestic natural gas supply due to the upsurge of demand, the use of LNG had become a major measure to ease the tight supply of natural gas in the PRC. As a result, the market price of LNG in the PRC had soared by multiple times to record highs throughout the winter of 2017. This led to the upsurge of the Group's domestic LNG supply costs. (iv) One-off start-up costs incurred for the establishment of LNG operating subsidiaries and new LNG related projects in the PRC.

The Company is still in the process of finalising the results for the year ended 31 December 2017. As such, the information contained in this announcement is based on the preliminary assessment of the Management Accounts of the Group, which has not been reviewed by the Company's auditors and the audit committee. The results announcement of the Group for the year ended 31 December 2017 will be announced on 29 March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 20 March 2018

As at the date of this announcement, the executive Directors are Dr. 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 Dr. 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 purposes only*