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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)**

### **EXECUTION OF THE STRATEGIC COOPERATION AGREEMENT AND THE AGREEMENT ON THE DISCLOSEABLE TRANSACTION FOR ACQUISITION OF LNG TANK CONTAINERS**

On 25 May 2018, CIMC Enric Holdings entered into a strategic cooperation agreement with the Company upon friendly negotiation, pursuant to which, both parties agreed to become a business partner of each other based on the principles of equality and mutual benefits.

In addition, pursuant to the Strategic cooperation agreement and the Agreement for acquisition of LNG tank containers, the Company agreed to, through Gangzong Trade, a wholly-owned subsidiary of the Company, execute the Agreement for acquisition of 275 LNG tank containers with CIMC Enric Holdings at a consideration of RMB126,080,000 (equivalent to approximately HK\$153,818,000).

As the relevant percentage ratio in respect of the Acquisition under Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 25 May 2018, CIMC Enric Holdings entered into a Strategic cooperation agreement with the Company upon friendly negotiation, pursuant to which, both parties agreed to become a business partner of each other based on the principles of equality and mutual benefits.

In addition, pursuant to the Strategic cooperation agreement and the Agreement for acquisition of LNG tank containers, the Company agreed to, through Gangzong Trade, a wholly-owned subsidiary of the Company, execute the Agreement for acquisition of 275 LNG tank containers with CIMC Enric Holdings at a consideration of RMB126,080,000 (equivalent to approximately HK\$153,818,000).

## **Details of the Strategic cooperation agreement:**

- 1) The Company decides to purchase 275 LNG tank containers from CIMC Enric Holdings, of which the specific terms are stipulated in the procurement agreement;
- 2) The Company agrees to purchase additional 800 to 1,000 LNG tank containers from CIMC Enric Holdings by the end of this year at a preferential price;
- 3) The Company agrees to preferentially purchase equipment manufactured by CIMC Enric Holdings under the same market conditions in the procurement of cryogenic equipment, including but not limited to LNG tank containers, LNG refilling trucks, LNG Dewar flasks and other products;
- 4) CIMC Enric Holdings undertakes and guarantees to provide the Company with the most preferential price;
- 5) CIMC Enric Holdings undertakes to prioritise the production and supply and ensure the quality for the order placed by the Company;
- 6) CIMC Enric Holdings undertakes to provide the Company with a full range of after-sales services, including but not limited to the provision of technical support and emergency support for the trial operation of the Company's LNG tank containers; and to invest in the construction of vacuum facilities in the Company's logistics distribution center according to every purchase of 500 LNG tank containers; and
- 7) Both parties believe that expanding and deepening cooperation is crucial to the development of both parties; both parties agree to establish the dialogue and liaison mechanism for specialised personnel at different levels, so as to conduct comprehensive and in-depth research and discussion on the forms and ways of further deepening cooperation, and also agree to reinforce the cooperation under the approval and authorisation of their respective boards.

This agreement is effective from the date of execution by both parties for a term of 3 years and it may be renewed or re-signed if there is no objection at the time of expiration.

## **THE AGREEMENT FOR ACQUISITION OF LNG TANK CONTAINERS**

Date of entering: 25 May 2018

Vendor: CIMC Enric Energy Equipment (Suzhou) Co., Ltd. (中集安瑞科能源裝備(蘇州)有限公司)

Purchaser: Gangzong Trade (Shanghai) Co., Ltd. (港縱貿易(上海)有限公司),  
a wholly-owned subsidiary of the Company

## **LNG tank containers to be acquired:**

275 LNG tank containers.

## **Consideration:**

Pursuant to the terms of the Agreement for acquisition of LNG tank containers, Gangzong Trade will acquire the 275 LNG tank containers from CIMC Enric Energy at consideration of RMB126,080,000 (equivalent to approximately HK\$153,818,000). The Consideration was arrived at after arm's length negotiation between Gangzong Trade and CIMC Enric Energy and with reference to the market value.

## **PAYMENT AND DELIVERY TERM:**

An initial deposit of RMB31,520,000 (equivalent to approximately HK\$38,454,000) in cash will be paid by Gangzong Trade within 10 days upon signing of the Agreement for acquisition of LNG tank containers. The 65% of the Consideration will be paid before shipment of CIMC Enric Energy and the balance of the Consideration will be paid within 3 months after the shipment.

## **REASONS FOR AND BENEFITS OF THE EXECUTION OF THE STRATEGIC COOPERATION AGREEMENT AND THE AGREEMENT FOR ACQUISITION OF LNG TANK CONTAINERS**

The Group's LNG business is in a period of rapid development, resulting in a large number of LNG equipment purchase demands. CIMC Enric Holdings is a well-known energy processing, storage and transportation equipment manufacturer in the PRC with extensive experience and stable product supply capacities, so it is expected that the cooperation between the Company and CIMC Enric Holdings will generate synergies and provide strong support for the Company's business development.

The use of tank containers for the transport of LNG is one of the important measures taken by the PRC for the strategy to secure natural gas supply amid rising winter demand. The Group conducts the south-to-north transport of LNG with tank containers and multimodal transport pilots, which will create a new model of LNG supply chain. The Group plans to purchase 5,000-10,000 LNG tank containers in the next five years to meet the rapidly growing business needs.

On 21 March 2018, the Company and Chart Cryogenic Engineering Systems (Changzhou) Co., Ltd. (查特深冷工程系统(常州)有限公司) entered into the agreement of intent for investment and cooperation. Prior to the establishment of a joint venture, the Company will still consider purchasing some LNG tank containers products at a preferential price within the capacity range of Chart Cryogenic Engineering Systems (Changzhou) Co., Ltd..

The Board are of the view that the terms of Acquisition are in normal commercial terms, and are fair and reasonable and in the interests of the Group and shareholders of the Company as a whole.

## **INFORMATION ABOUT THE PARTIES**

### **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.

### **CIMC Enric Holdings and CIMC Enric Energy**

CIMC Enric Holdings (its stocks are listed on the Main Board of the Stock Exchange, with the stock code of 3899) is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical and liquid food industries.

CIMC Enric Energy is a company incorporated in the PRC and a wholly-owned subsidiary of CIMC Enric Holdings Limited. Its principal activity is design, research and development, sales, and technical consulting of energy equipment; self-operation and acting as an agent in the import and export of various types of goods and technologies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both CIMC Enric Holdings and CIMC Enric Energy and their respective ultimate beneficial owners are Independent Third Parties.

### **Gangzong Trade**

Gangzong Trade is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in sales of gas appliances, development of technologies, import and export of goods and technology in the fields of natural gas energy and new energy technologies.

## IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratio in respect of the Acquisition under Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless otherwise specified, the following terms shall have the following meanings in this announcement:

- “Acquisition” : the acquisition of the LNG tank containers by Gangzong Trade pursuant to the terms of the Agreement for acquisition of LNG tank containers;
- “Agreement” : the agreement entered into on 25 May 2018 for the Acquisition;
- “Board” : the Board of Directors;
- “CIMC Enric Energy” : CIMC Enric Energy Equipment (Suzhou) Co., Ltd. (中集安瑞科能源裝備(蘇州)有限公司). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, CIMC Enric Energy is an Independent Third Party.
- “CIMC Enric Holdings” : CIMC Enric Holdings Limited (中集安瑞科控股有限公司) (its stocks are listed on the Main Board of the Stock Exchange, with the stock code of 3899);
- “Company” : China LNG Group Limited (中國天然氣集團有限公司\*), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 931);
- “Consideration” : RMB126,080,000 (equivalent to approximately HK\$153,818,000) payable by Gangzong Trade for the Acquisition pursuant to the terms of the Agreement for acquisition of LNG tank containers;
- “Director(s)” : director(s) of the Company;
- “Gangzong Trade” : Gangzong Trade (Shanghai) Co., Ltd. (港縱貿易(上海)有限公司);

“Group”	: the Company and its subsidiaries;
“HK\$”	: Hong Kong dollars;
“Independent Third Parties”	: 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;
“LNG”	: the liquefied natural gas;
“LNG tank containers”	: the liquefied natural gas tank containers;
“PRC”	: the People’s Republic of China;
“RMB”	: Renminbi;
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited; and
“Strategic cooperation agreement”	: the strategic cooperation agreement entered into on 25 May 2018;

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

Hong Kong, 25 May 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 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 purposes only*