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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)

GRANT OF SHARE OPTIONS

This announcement is made by China LNG Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.06 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on 14 August 2023 (the “**Date of Grant**”) the Company has resolved to make an offer to grant share options (“**Share Options**”) to six qualified participants (the “**Grantees**”) under the share option scheme of the Company adopted on 30 August 2019 (the “**Share Option Scheme**”) to subscribe for a total of 70,000,000 ordinary shares of HK\$0.02 each (the “**Share(s)**”) in the share capital of the Company, representing approximately 3.26% of the total Shares in issue as at the date of this announcement, subject to the acceptance of such offer by the Grantees. Details of such grant of the Options are set out as follows:

Date of Grant:	14 August 2023
Exercise price of each Share Options granted:	HK\$0.5 per Share, representing the highest of: (a) the nominal value of HK\$0.02 per Share; (b) the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the Date of Grant; and (c) the average closing price of HK\$0.303 per Share as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant.
Total number of Share Options granted:	70,000,000
Validity period of the Share Options:	Ten (10) years commencing from 14 August 2023

Vesting period:

- (a) the first 30% of the Share Options are vested on the second-year anniversary from the Date of Grant; and
- (b) the next 30% of the Share Options are vested on the third-year anniversary from the Date of Grant; and
- (c) the remaining 40% of the Share Options are vested on the fourth year anniversary from the Date of Grant.

Performance target and clawback mechanism: There is no performance target nor clawback mechanism attached to the Share Options.

The purpose of the Share Option Scheme is to motivate and retain the Grantees by allowing them to enjoy the results of the Group attained through their efforts and contributions to the Group.

The remuneration committee of the Board (the “**Remuneration Committee**”) is of the view that performance targets are not necessary as (i) the value of the Share Options is subject to the future market price of the Shares, which, in turn, depends on the business performance of the Group, to which the Grantees would directly contribute; and (ii) the Share Options are subject to the vesting period as stated above and certain vesting conditions, which could ensure that the Grantees would be motivated to contribute to the Company’s development. In addition, the Remuneration Committee is of the view that a clawback mechanism is not necessary considering the lapse and cancellation of share options under various scenarios has already been provided for under the Share Option Scheme, which could adequately safeguard the Company’s interests.

As such, the Remuneration Committee and the Board believe that without additional performance target and clawback mechanism, the grant of the Share Options could align the interests of the Grantees with that of the Company and the shareholders of the Company (the “**Shareholders**”), provide incentive to the Grantees to devote to the future continuous competitiveness, results of operation and growth of the Company, and reinforce their commitment to long term services of the Company, which is in line with the purpose of the Share Option Scheme.

Financial assistance: The Group has not provided any financial assistance to the Grantees to facilitate the purchase of Shares under the Share Option Scheme.

Among the Share Options granted above, a total of 70,000,000 Share Options were granted to six employees of the Group which represent, upon full exercise, 3.26% of the total number of issued Shares as at the date of this announcement. Details are as follows:

Name of the Grantee	Capacity	Number of Options granted
Yu Hung Ping	Chief Administrative Officer	56,000,000
He Liang Long	Vice President of China operations, General Manager of the Logistics segment	8,000,000
Chan Mui	Chief Financial Officer	4,000,000
Jiang Bin	Chief Administrative Officer Assistant	1,200,000
Other 2 employees		800,000
		<u><u>70,000,000</u></u>

The grant of Share Options to the above employees of the Group has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. None of the grants of Share Options will be subject to approval by independent shareholders of the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries: (i) no financial assistance has been provided by the Company to the Grantees for the purchase of shares under the Share Option Scheme; (ii) none of the Grantees is a Director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them; (iii) none of the Grantees is a related entity participant or service provider (as defined under the Listing Rules); and (iv) none of the Grantees is a participant with options and awards granted and to be granted exceeding the 1% individual limit under the Listing Rules.

Subsequent to the grant of Share Options, the number of Shares available for future grants pursuant to the Share Scheme is 380,489,709 Shares.

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

Hong Kong, 14 August 2023

As at the date of this notice, the Board comprises two executive Directors, namely Dr. Kan Che Kin, Billy Albert (Chairman) and Mr. Li Kai Yien, Arthur Albert; and 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*