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## ARTEL SOLUTIONS GROUP HOLDINGS LIMITED

### 宏通集團控股有限公司\*

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

**(Stock Code: 931)**

#### INSIDE INFORMATION

#### LETTER OF INTENT IN RELATION TO

#### THE POSSIBLE COOPERATION IN LNG BUSINESSES

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

The Company is pleased to announce that, on 31 March 2014 (after trading hours), the Company entered into the LOI with CNOOC Yunnan and Yongping Government in relation to the Possible Cooperation in developing the LNG businesses in Yongping County, Yunnan Province in the PRC.

**The Board wishes to emphasize that no binding agreement in relation to the Possible Cooperation has been entered into as at the date of this announcement. As the Possible Cooperation may or may not proceed, 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.**

This announcement is made by Artel Solutions Group Holdings 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.

Reference is made to the announcement of the Company dated 27 March 2014 in relation to development of the liquefied natural gas (“LNG”) businesses with a mega state owned enterprise in the People’s Republic of China (the “PRC”).

## LETTER OF INTENT

The board (the “Board”) of directors (the “Director”) of the Company announces that on 31 March 2014, the Company entered into a letter of intent (the “LOI”) with CNOOC Yunnan Energy Corporation Limited (“CNOOC Yunnan”) and Yongping Business Bureau commissioned by the People’s Government of Yongping County (“Yongping Government”) (collectively together with the Company, the “Parties”) in relation to the possible cooperation (the “Possible Cooperation”) in developing the LNG businesses in Yongping County, Yunnan Province in the PRC.

To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company, CNOOC Yunnan and Yongping Government and their ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Pursuant to the LOI, the Possible Cooperation are as follows:

- (1) Yongping Government will be responsible for policy support, CNOOC Yunnan will guarantee a steady charge of upstream resources, provide the related technology and will be responsible for the normal operation of the LNG businesses, whereas the Company is responsible for market development and financial support, especially the financial needs at the early stage of developing the LNG businesses;
- (2) CNOOC Yunnan and the Company targeted that they will invest in aggregate of approximately Rmb200 million (equivalent to approximately HK\$252 million) in the LNG businesses in Yongping. At the early stage, 8 LNG/Liquefied-compressed natural gas (“L-CNG”) refueling stations and related infrastructure will be constructed within 5 years after signing of the LOI;
- (3) The Company will invest approximately Rmb100 million (equivalent to approximately HK\$126 million) in financing related corporations in Yongping County in the promotion and application of clean energy, mainly transforming of existing fuel vehicles into natural gas vehicles and purchase of about 100 natural gas vehicles for fast promotion of clean energy in Yongping County;
- (4) Yongping Government is committed to accelerate the approval process in the land, planning and project approval;
- (5) Yongping Government will introduce the clean energy policies and develop a reasonable LNG price with CNOOC Yunnan and the Company to encourage the usage of the LNG in public transportation, mining, logistics and related businesses.

Detailed terms and conditions for the Possible Cooperation will be subject to further negotiation between the Parties and definitive agreements shall have to be signed by the Parties in respect of the Possible Corporation entered into under the LOI.

Pursuant to the LOI, the Yongping Government guarantees not to introduce other investors in the LNG businesses within 5 years in Yongping County after signing of the LOI and a working group will be set up by the Parties to perform the preliminary investigation and planning in relation to the development of the LNG businesses. The Company and CNOOC Yunnan will form a joint venture company in Yongping County at the appropriate time to accelerate the development of the LNG businesses.

The LOI will be terminated if the development of the LNG businesses without substantial progress within 12 months after the date of signing of the LOI.

## **INFORMATION ABOUT CNOOC YUNNAN AND REASON FOR ENTERING INTO THE LOI**

CNOOC Yunnan was established in the PRC in October 2012 and is principally engaged in energy-related projects in Yongping. As at the date of this announcement, as to 55% of the equity interest is owned by CNOOC Gas and Power Group (“CNOOC Gas”) while the remaining 45% is owned by the Chinese Academy of Governance. CNOOC Gas is a wholly-owned subsidiary of China National Offshore Oil Corporation (“CNOOC”), the largest offshore oil and gas producer in PRC and a mega state owned enterprise operating directly under the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, unified manages CNOOC’s gas and power business. CNOOC Gas’s business covers technology development, technology services and consulting services for oil and natural gas (including LNG) development and petrochemical engineering; contracting services for engineering design, development, management, maintenance and operation of oil and natural gas (including LNG) development; construction, management and operation of oil and gas pipeline networks; in addition it covers power development, production, supply and other relevant contracting and technology services. Its core business is LNG project development, base on existing terminals and pipeline network.

The Company is principally engaged in property investment and trading of securities. The Group is actively exploring for business opportunities in other sectors to diversify its business into industries that provide better returns for the shareholders of the Company and broaden the sources of income of the Group. Since year 2013, the Company is engaging great effort in negotiations with governments in various provinces in the PRC in relation to the development of the LNG businesses in the PRC. Accordingly, the Company has decided to enter into the LOI with CNOOC Yunnan and Yongping Government to commence the investment into LNG clean energy businesses in the PRC.

The investment in the Possible Cooperation by the Company will be financed by internal resources and borrowings from financial institutions. On 27 March 2014, the Company entered into a strategic cooperation agreement with Ping An Securities Limited in relation to provision of integrated financial services for developing the LNG businesses in the PRC.

## **GENERAL**

**The Board wishes to emphasize that no binding agreement in relation to the Possible Cooperation has been entered into as at the date of this announcement. As the Possible Cooperation may or may not proceed, 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.**

*The figures in RMB are converted into HK\$ at the rate of RMB1: HK\$1.2584 throughout this announcement for indicative purpose only.*

By order of the Board of Directors  
**Artel Solutions Group Holdings Limited**  
**Kan Che Kin, Billy Albert**  
*Chairman*

Hong Kong, 31 March 2014

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

\* *for identification purpose only*