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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)

DISPOSAL OF CONVERTIBLE BONDS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announced that on 21 June 2014, Key Fit, a wholly-owned subsidiary of the Company, and the Purchaser entered into the conditional Transfer Deed in relation to the disposal of the Convertible Bonds in the principal amount of HK\$80,000,000 to the Purchaser for a cash consideration of HK\$380,000,000. Upon completion of the Disposal, the expected gain from Disposal (before deducting the related costs) will be HK\$300,000,000.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE DISPOSAL

The Board announced that on 21 June 2014, Key Fit, a wholly-owned subsidiary of the Company, and Magnolia Wealth International Limited (the “**Purchaser**”) entered into the conditional Transfer Deed in relation to the disposal of the Convertible Bonds in the principal amount of HK\$80,000,000 to the Purchaser for a cash consideration of HK\$380,000,000.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets disposed of

The Convertible Bonds in the principal amount of HK\$80,000,000.

Pursuant to the Transfer Deed, Key Fit shall transfer (i) 60% of the aggregate amount of the Convertible Bonds (i.e. HK\$48,000,000) together with all rights, interests and benefits attached thereto (the “**Transfer Interest**”) to the Purchaser by 31 July 2014 or such later date as agreed by Key Fit and the Purchaser; and (ii) 40% of the aggregate amount of the Convertible Bonds (i.e. HK\$32,000,000) together with the Transfer Interest to the Purchaser by 31 August 2014 or such later date as agreed by Key Fit and the Purchaser (the “**Agreed Transfer**”).

Consideration

The consideration of the Disposal of HK\$380,000,000 shall be satisfied by the Purchaser in cash in the following manner:

1. an amount of HK\$80,000,000 shall be payable within seven days from the date of the Transfer Deed, which: (i) shall be forfeited by Key Fit if the Disposal does not complete as a result of a failure and default by the Purchaser to procure the fulfilment of the conditions set out therein on or before 31 October 2014; or (ii) shall be refunded by Key Fit to the Purchaser immediately on demand if the Agreed Transfer of the Convertible Bonds are not complied with by Key Fit in any respect; and
2. the balance of the consideration of HK\$300,000,000 for each portion of the Convertible Bonds shall be payable on a pro-rata basis on the date when Key Fit transfers to the Purchaser such respective portion of the Convertible Bonds and the Transfer Interest.

Conditions

Completion of the Disposal is conditional upon, among others, all internal approvals, and all other governmental or regulatory approvals, consents or waivers required under all applicable laws, rules and regulations to which Key Fit or the Purchaser or Warderly is subject and/or by any applicable regulatory authority of competent jurisdiction, in order for Key Fit or the Purchaser or the Company to effect the Disposal having been obtained; and there having been no violation or breach of any applicable laws, rules and regulations to which Warderly is subject or of any requirements by any applicable regulatory authority of competent jurisdiction, and no such violation or breach being resulted immediately from the Disposal or any part of the Disposal.

If any of the conditions set out in the Transfer Deed relating to Key Fit shall not have been fulfilled prior to 31 October 2014, then the Purchaser shall not be bound to proceed with the Disposal and the Transfer Deed shall cease to be of any effect, in which case Key Fit shall immediately refund to the Purchaser any amount previously paid or procured to be paid by the Purchaser, without prejudice to any other remedies available to the Purchaser.

Upon completion of the Disposal, the expected gain from Disposal (before deducting the related costs) will be HK\$300,000,000.

Information on the Convertible Bonds

The Convertible Bonds in the principal amount of HK\$80,000,000 are convertible into Warderly Shares at the prevailing conversion price. The principal terms and conditions of the Convertible Bonds are set out in the circular of the Company dated 14 April 2014. Upon full conversion of the Convertible Bonds in the aggregate principal amount of HK\$80,000,000 and at prevailing conversion price of HK\$0.05 per Warderly Share, 1,600,000,000 new Warderly Shares will be issued.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property investment and trading of securities.

The Convertible Bonds were acquired by the Group in April 2014 for trading purpose and were recorded as “held for trading investments” under current assets in the consolidated financial statements of the Group. The Directors considered that the Disposal provided an opportunity for the Group to realise its investments held for trading in light of the prevailing market conditions and will enhance the liquidity of the Company. Further, the sale proceeds of approximately HK\$380,000,000 generated by the Disposal will provide additional working capital for the Group. The Company intends to use the proceeds from the Disposal for development of the liquefied natural gas (LNG) business, future potential investments and general working capital of the Group. The Directors are of the view that the Disposal will enhance the liquidity of the Company and was fair and reasonable and in the interests of the Company and its Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	board of Directors
“Company”	China LNG Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$80,000,000 issued by Warderly, principal terms of which were set out in the circular of the Company dated 7 April 2014
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by Key Fit of the Convertible Bonds for an aggregate consideration of HK\$380 million pursuant to the Transfer Deed
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Key Fit”	Key Fit Group Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Deed”	the transfer deed dated 21 June 2014 entered into between Key Fit and the Purchaser in respect of the Disposal
“Warderly”	Warderly International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 607)
“Wardley Shares”	ordinary share(s) of HK\$0.01 each in the share capital of Wardley
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 June 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*