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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)

INSIDE INFORMATION

STRATEGIC COOPERATION FRAMEWORK AGREEMENT IN RELATION TO THE LNG BUSINESSES IN NETDA

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 26 June 2014 (after trading hours), the Company entered into the Framework Agreement with NETDA Committee in relation to the Cooperation in developing the LNG businesses in the NETDA, Nantong, Jiangsu Province in the PRC.

The Board wishes to emphasize that no binding agreement in relation to the Cooperation has been entered into as at the date of this announcement. As the 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 Cooperation will be made by the Company as and when appropriate in accordance with the Listing Rules.

This announcement is made by China LNG Group 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 are made to the announcements of the Company dated 27 March 2014, 31 March 2014, 22 April 2014 and 25 June 2014 in relation to development of the liquefied natural gas (“LNG”) businesses in the People’s Republic of China (the “PRC”).

STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The board (the “Board”) of directors (the “Director”) of the Company announces that on 26 June 2014, the Company entered into a strategic cooperation framework agreement (the “Framework Agreement”) with Nantong Economic & Technological Development Area Management Committee 南通市經濟技術開發區管理委員會 (“NETDA Committee”) in relation to investment in the projects of application of LNG in Nantong Economic & Technological Development Area 南通市經濟技術開發區 (“NETDA”), Nantong City, Jiangsu Province in the PRC (the “Cooperation”).

To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company and NETDA Committee 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 Framework Agreement, the Cooperation are as follows:

- (1) NETDA Committee agreed to fully support the Company to develop the LNG businesses with a mega stated owned enterprise in NETDA;
- (2) the Company intends to set up two subsidiaries (the “Subsidiaries”) in NETDA with registered capital of US\$30 million (approximately HK\$232,542,000) and US\$50 million (approximately HK\$387,570,000) or above, to engage respectively in “LNG application-oriented businesses” and “Finance Leasing Businesses in relation to transformation into and leasing of LNG vehicles and LNG vessels”;
- (3) NETDA Committee agreed to give preferential policies (including tax incentive, children education benefits and housing allowance to the staff of the Subsidiaries) and support to the Subsidiaries, including full tax free on Enterprise Income Tax and Value Added Tax in the first three years of incorporation of the Subsidiaries and 50% tax concession in the fourth to the sixth year;
- (4) NETDA Committee agreed to accelerate the registration process of the Subsidiaries; and
- (5) after signing of the Framework Agreement, the Company need to provide the investment proposal in relation to the Cooperation to NETDA Committee within 6 months.

The Framework Agreement sets out the principal provisions for the Cooperation, the implementation of which will be governed by further agreements in greater details, if applicable.

INFORMATION ABOUT NETDA COMMITTEE AND REASON FOR ENTERING INTO THE FRAMEWORK AGREEMENT

NETDA Committee was set up in 1984 and is governed by the Nantong Municipal Government. NETDA Committee is responsible for preparation and construction of NETDA. NETDA was established as one of China's first 14 state-level development areas. NETDA is situated at about 90 kilometers north of Shanghai, within one hour economic circle of Shanghai. The total land area of NETDA is 146.98 square kilometers. It has attracted foreign investors from over 30 countries and regions, and accumulative over 600 FDI enterprises, including over 50 fortune 500 enterprises. NETDA was clearly marked out 5 functional industry park named: photoelectric industry park, biomedical healthy industry park, precision mechanism industry park, macromolecule new material industry park, marine equipment industry park and three special area named: suburb logistics & trade center, comprehensive bonded area and NETDA CBD area. It has won the title in both abroad and domestics of: "ISO14000 Environmental Protection International Demonstration Zone 環境保護國家示範區", "Top 10 Development Zone with best investment value in the eyes of MNCS 跨國公司眼中最具投資價值的開發區前十強", "Development Zone with best investment value for MNCS 跨國公司最佳投資的開發區" and "Jiangsu Provincial social security and safety zone 江蘇省社會治安安全區".

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. On 27 March 2014, the Company entered into the strategic cooperation agreement with Ping An Securities Limited in relation to provision of integrated financial services for developing the LNG businesses in the PRC. On 31 March 2014, the Company entered into the letter of intent with CNOOC Yunnan Energy Corporation Limited and Yongping Business Bureau commissioned by the People's Government of Yongping County in relation to the possible cooperation in developing the LNG businesses in Yongping County, Yunnan Province in the PRC. On 22 April 2014, the Company entered into a strategic cooperation framework agreement with Administrative Committee of Suzhou Zhong Lu International Logistics Technology Park 蘇州中鱸國際物流科技園管委會 in relation to transformation of vessels, heavy vehicles and public vehicles from using fuel to LNG and construction of LNG refueling stations and docks in Pingwang, Suzhou, Jiangsu Province in the PRC. On 25 June 2014, the Company entered into a strategic cooperation framework agreement with Jiangsu Nantong Binhai Park Management Committee 江蘇南通濱海園區管理委員會 in relation to construction of LNG refueling stations and docks and promotion of the application of LNG in Jiangsu Nantong Binhai Park 江蘇南通濱海園區, Nantong City, Jiangsu Province in the PRC. Accordingly, the Company has decided to enter into the Framework Agreement with NETDA Committee to expend the investment in LNG clean energy businesses in the PRC.

GENERAL

The Board wishes to emphasize that no binding agreement in relation to the Cooperation has been entered into as at the date of this announcement. As the 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 Cooperation will be made by the Company as and when appropriate in accordance with the Listing Rules.

The figures in US\$ are converted into HK\$ at the rate of US\$1: HK\$7.7514 throughout this announcement for indicative purpose only.

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

Hong Kong, 26 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*