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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)

UNUSUAL PRICE AND VOLUME MOVEMENTS, INSIDE INFORMATION

STRATEGIC COOPERATION FRAMEWORK AGREEMENT IN RELATION TO THE LNG BUSINESSES IN BAOTOU DEVELOPMENT ZONE, AND RESUMPTION OF TRADING

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).

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has noted today’s increase in the trading price and trading volume of the shares of the Company.

Having made such enquiry with respect to the Company as is reasonable in the circumstances, confirms that save as disclosed below, it is not aware of any reason for these price and volume movements or of any information which must be announced to avoid a false market in the Company’s securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

The Directors collectively and individually accept responsibility for the accuracy of this announcement.

FRAMEWORK AGREEMENT

Reference are made to the announcements of the Company dated 27 March 2014, 31 March 2014, 22 April 2014, 25 June 2014, 26 June 2014, 28 July 2014, 29 July 2014, 4 August 2014 and 10 September 2014 in relation to development of the liquefied natural gas (“**LNG**”) businesses in the People’s Republic of China (the “**PRC**”).

The Board announces that on 6 October 2014 (after trading hours), the Company entered into a strategic cooperation framework agreement (the “**Framework Agreement**”) with Baotou Rare Earth High-Tech Industrial Development Zone Committee* (包頭國家稀土高新技術產業開發區管委會) (“**Baotou Development Zone Committee**”) in relation to investment in the projects of application of LNG in Baotou Rare Earth High-Tech Industrial Development Zone* (包頭國家稀土高新技術產業開發區) (“**Baotou Development Zone**”), Baotou City, Inner Mongolia 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 Baotou Development Zone 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) Baotou Development Zone Committee agreed to fully support the Company to develop the LNG businesses with a mega stated owned enterprise in Baotou Development Zone;
- (2) the Company intends to set up two subsidiaries (the “**Subsidiaries**”) with registered capital of US\$30 million (approximately HK\$232,506,000) and US\$50 million (approximately HK\$387,510,000) or above respectively to engage in “LNG application-oriented businesses” and “Finance Leasing Businesses” in relation to transformation into and leasing of LNG vehicles;
- (3) Baotou Development Zone Committee agreed to support and give preferential taxation policies on Enterprise Income Tax and Value Added Tax to the Subsidiaries; and
- (4) Baotou Development Zone Committee agreed to provide suitable locations in Baotou Development Zone for construction of LNG refueling stations for passenger vehicles using LNG and encourage the industrial users in Baotou Development Zone using LNG.

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 Baotou Development Zone Committee and reason entering into the framework agreement

Baotou Development Zone Committee was set up in 1992 and is governed by the Baotou Municipal Government. Baotou Development Zone Committee is responsible for preparation and construction of Baotou Development Zone. Baotou Development Zone was approved by the State Council as a national high-tech zone in 1992 and it is the sole national high-tech zones in Inner Mongolia.

Baotou is connected to northern China. It is a major transportation hub in northwest and western China and an important telecommunications center. Baotou has an integrated transportation network with railway, highway and aviation. Baotou Development Zone is located in the south of Baotou with a total area of 150 square kilometers. Baotou Development Zone has more than 3600 registered enterprises mainly including around 75 rare earth enterprises, around 22 listed companies, around 7 fortune 500 enterprises, around 39 foreign investment companies and around 53 high-tech enterprises.

The Company is principally engaged in property investment and trading of securities and development of LNG businesses. 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 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 中海油雲南能源有限公司 and Yongping Business Bureau 永平商務局 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. On 10 September 2014, the Company entered into a strategic cooperation framework agreement with the Ordos Economic and Information Technology Commission 鄂爾多斯市經濟和信息化委員會 in relation to investment in development of LNG businesses in Ordos City, Inner Mongolia Autonomous Region, in the PRC and a strategic cooperation framework agreement with Inner Mongolia Hong Shun Travel Limited* 內蒙古紅順旅遊客運有限公司 in relation to, among others, provision of LNG passenger vehicles or replacement of their existing passenger vehicles with LNG passenger vehicles. Accordingly, the Company has decided to enter into the Framework Agreement with Baotou Development Zone Committee in relation to development of LNG businesses in Baotou Development Zone, Baotou City, Inner Mongolia in the PRC.

RESUMPTION OF TRADING

Trading in the Shares was halted at the request of the Company with effect from 1:45 p.m. on Monday, 6 October 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:00 a.m. on Tuesday, 7 October 2014.

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 of the Company 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\$7.7502 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, 6 October 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*