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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**

## **COOPERATION FRAMEWORK AGREEMENTS IN RELATION TO THE LNG BUSINESSES WITH LOGISTIC COMPANIES**

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 27 November 2014 (after trading hours), the Company entered into the Framework Agreement I and Framework Agreement II with Shanghai Xin Si Yuan Logistic Company Limited\* and Jiaxing Dadu New Logistic Company Limited\* respectively in relation to Cooperation I and Cooperation II in development of LNG vehicle and vessel leasing business in the PRC.

**The Board wishes to emphasize that no binding agreements in relation to the Cooperation I and Cooperation II have been entered into as at the date of this announcement. As the Cooperation I and Cooperation II may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the shares of the Company. Further announcements in respect of the possible Cooperation I and Cooperation II 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, 25 June 2014, 26 June 2014, 28 July 2014, 29 July 2014, 4 August 2014, 10 September 2014, 14 October 2014 and 25 November 2014 in relation to development of the liquefied natural gas (“LNG”) businesses in the People’s Republic of China (the “PRC”).

## **FRAMEWORK AGREEMENT WITH XIN SI YUAN**

The board (the “**Board**”) of directors (the “**Director**”) of the Company announces that on 27 November 2014 (after trading hours), the Company entered into a cooperation framework agreement (the “**Framework Agreement I**”) with Shanghai Xin Si Yuan Logistic Company Limited\* (上海新思原物流有限公司) (“**Xin Si Yuan**”) in relation to cooperation in development of LNG vehicle leasing business in the PRC (the “**Cooperation I**”).

To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company and Xin Si Yuan 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 I, the Cooperation I includes the following:

- (1) The Company agrees to set up a finance leasing company in Shanghai specializing in LNG vehicle and vessel finance leasing business;
- (2) Xin Si Yuan agrees to act as a consultant of the Company in relation to conducting heavy vehicle leasing business. As a consultant of the Company, Xin Si Yuan agrees to (i) recommend not less than 100 of its customers (the “**Leasing Customers**”), who are the owners of the heavy vehicles delivering goods through Xin Si Yuan’s logistic internet platform (the “**1+1 Platform**”), to the Company for purchasing LNG heavy vehicles under finance lease every year; (ii) Xin Si Yuan agrees to provide repayment guarantee for the Leasing Customers; (iii) Xin Si Yuan agrees to take the advantage of the 1+1 Platform to monitor and manage the LNG heavy vehicles which are leased to the Leasing Customers;
- (3) the Company agrees to give preferential benefit to the Leasing Customers in relation to leasing of the LNG heavy vehicles from the Company;
- (4) the Company intends to set up a “Green Vehicle Club”, to provide the Leasing Customers discount on aerating LNG and insurance, accidental assistance, repair and maintenance on their LNG heavy vehicles, legal support, etc.; Xin Si Yuan agrees to utilize its experience and advantage to support the development of leasing business of the Company.

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

## Information about Xin Si Yuan

Xin Si Yuan was established in 2008 with registered capital of Rmb10 million. It is a subsidiary of Shanghai Si Yuan Logistic Company Limited\* (上海思原物流有限公司) (“**Shanghai Si Yuan**”). Xin Si Yuan is an internet logistic company which developed the 1+1 platform, an internet logistic platform to provide information to match the needs between customers who want to deliver goods and owners of heavy vehicles and to provide transport information to the owners of the heavy vehicles.

Shanghai Si Yuan is engaged in the businesses of container storage, loading, transportation, oil tank cleaning, maintenance, express, domestic distribution, etc. Shanghai Si Yuan is base in the Shanghai port logistics market and is the largest base for Less than Container Load (“LCL”) services. It attracted hundreds of freight enterprises setting up their storage base in Pudong and Puxi in order to reduce logistics cost for conducting LCL business.

## FRAMEWORK AGREEMENT WITH JIAXING DADU

The Board announces that on 27 November 2014 (after trading hours), the Company entered into a cooperation framework agreement (the “**Framework Agreement II**”) with Jiaxing Dadu New Logistic Company Limited\* (嘉興大渡新物流有限公司) (“**Jiaxing Dadu**”) in relation to cooperation in development of LNG vehicle and vessel leasing business in the PRC (the “**Cooperation II**”).

To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company and Jiaxing Dadu 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 II, the Cooperation II includes the following:

- (1) the Company can use Jiaxing Dadu’s advantage of mass transport resources controlled by the transportation platform of Jiaxing Dadu (the “**Transportation Platform**”). Jiaxing Dadu will select and recommend customers (the “**JXDD Leasing Customers**”), who are the owners of the heavy vehicles delivering goods through the Transportation Platform, to the Company for purchasing heavy vehicle under finance lease;
- (2) the Company can entrust Jiaxing Dadu with management of the vehicles mentioned above. The management can be divided into two parts, vehicle management and driver management. Vehicle management includes vehicle registration, insurance, annual inspection, maintenance, accident treatment, GPS, etc; Driver management includes driver’s review, labor contract, insurance, safety education, etc.;
- (3) since transport income of the JXDD Leasing Customers settles through the Transportation Platform, the Company can entrust Jiaxing Dadu with repayment collection from buyers and repayment supervision;

- (4) Jiaxing Dadu can provide the Company with real-time GPS information of the vehicles on financial leasing as well as everyday consumption of LNG of each vehicle;
- (5) in addition to the commercial insurances of vehicles and drivers, Jiaxing Dadu will encourage the buyers to take up compulsory owner mutual insurance that further reduces the risk of the Company's businesses;
- (6) both parties intend to invest 50 LNG vehicles in the first stage of the financing lease business on Jiaxing Dadu's transport platform trial operation;
- (7) both parties agree to promote the use of LNG in Jiangsu and Zhejiang inland water transport and shipping along the Yangtze River. Both parties agree on investing 3 LNG pilot ships as soon as possible.

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

### **Information about Jiaxing Dadu**

Jiaxing Dadu is the leading enterprise in regional logistics industry. It currently owns proprietary warehouse, container yard, container transport vehicles, import export freight forwarders and customs brokers in Jiaxing Zhapu Port, which constitute the complete logistics chain. Jiaxing Dadu is a subsidiary of Shanghai Dadu New Logistics Company Limited\* (上海大渡新物流有限公司) (“**Shanghai Dadu**”).

Shanghai Dadu is a logistics company, specializing in logistics service and provides high-quality services such as import and export logistics and warehousing of goods for foreign trade and logistics enterprises.

### **REASON FOR ENTERING INTO THE FRAMEWORK AGREEMENTS**

The Company is principally engaged in property investment, 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 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 and 26 June 2014, the Company entered into strategic cooperation framework agreements with Jiangsu Nantong Binhai Park Management Committee 江蘇南通濱海園區管理委員會 and Nantong Economic & Technological Development Area Management Committee 南通市經濟技術開發區管理委員會 in relation to investment in the projects of application of LNG in Jiangsu Nantong Binhai Park 江蘇南通濱海園區 and Nantong Economic & Technological Development Area 南通市經濟技術開發區 respectively in Nantong City, Jiangsu Province in the PRC. On 28 July 2014, the Company entered into a strategic cooperation framework agreement with Shanghai Fargo Supply Chain Management (Group) Limited 上海遠行供應鏈管理(集團)有限公司 in relation to, among others, provision of LNG heavy trucks or replacement of LNG heavy trucks. On 29 July 2014, the Company entered into a strategic cooperation framework agreement with Xuzhou Construction Machinery Group Limited 徐州工程機械集團有限公司 in relation to purchase of LNG engineering machinery vehicles and cooperation to invest in the capital markets. On 4 August 2014, the Company entered into a strategic cooperation framework agreement with Xuzhou Transportation Bureau 徐州市交通運輸局 in relation to investment in the projects of application of LNG in Xuzhou 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. On 6 October 2014, the Company entered into a strategic cooperation 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) 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 City, Inner Mongolia in the PRC. On 14 October 2014, the Company entered into a strategic cooperation framework agreement (the with Tumed Right Banner Business Bureau (土默特右旗商務局), a governmental authority of Tumed Right Banner, in relation to investment in development of LNG businesses in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region, in the PRC. On 25 November 2014, the Company entered into a cooperation framework agreement with SINOPEC Fuel Oil Sales Corporation Limited (Shanghai Branch) (中國石化銷售有限公司上海石油分公司) in relation to cooperation in the development of LNG refueling station and application of 300,000 LNG heavy trucks businesses in the PRC by the year 2020. Accordingly, the Company has decided to enter into the Framework Agreement I and the Framework Agreement II with Xin Si Yuan and Jiaxing Dadu respectively in relation to cooperation in development of 150 LNG vehicles leasing business and 3 LNG vessel leasing business in the PRC.

**The Board wishes to emphasize that no binding agreements in relation to the Cooperation I and Cooperation II have been entered into as at the date of this announcement. As the Cooperation I and Cooperation II may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the shares of the Company. Further announcements in respect of the possible Cooperation I and Cooperation II will be made by the Company as and when appropriate in accordance with the Listing Rules.**

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

Hong Kong, 27 November 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. Simon Murray, Dr. Lam, Lee G., Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.*

\* *for identification purpose only*