

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 AGREEMENTS IN RELATION TO FINANCE LEASING BUSINESS AND LNG BUSINESSES AND FINANCE LEASE MASTER AGREEMENT**

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

#### **STRATEGIC COOPERATION AGREEMENTS**

The Company is pleased to announce that, on 23 September 2015, CLNG Finance and CLNG Investment entered into the Agreement I with Dajin (大津), the Agreement II with An Shun (安順), the Agreement III with Jiangbei (江北), the Agreement IV with Qinfeng (勤豐), the Agreement V with Dongfang (東方), the Agreement VI with Suhang (蘇航), the Agreement VII with Hehai (河海), the Agreement VIII with Hongri (紅日) and the Agreement IX with Honghua (宏華) in relation to the provision of finance lease services for LNG vessels, the manufacturing of LNG vessels, the transformation or modification of vessels from using diesel fuel into using LNG and the construction of LNG and clean diesel refueling stations for developing the LNG businesses in the PRC.

#### **THE FINANCE LEASE MASTER AGREEMENT**

On 23 September 2015, CLNG Finance, a wholly-owned subsidiary of the Company, entered into the Finance Lease Master Agreement with Maifutong and LNG Power (綠動), pursuant to which CLNG Finance had agreed, to purchase the Lease Assets from LNG Power at the Lease Consideration of an aggregate amount of approximately RMB457,200,000 (equivalent to approximately HK\$555,498,000) and to lease back the Lease Assets to LNG Power for a term of 5 years.

The board wishes to emphasize that no final terms and conditions in relation to the LNG businesses has been concluded as at the date of this announcement. Moreover, definitive agreements shall have to be signed by the parties in respect of specific cooperation entered into under each of the Nine Agreements and the Finance Lease Master Agreement.

**Shareholders of the Company and/or investors should note that the transactions contemplated under each of the Nine Agreements and the Finance Lease Master Agreement may or may not materialize as described or at all, and should exercise caution when dealing in the shares of the Company. Further announcement in respect of these LNG businesses 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.

## **STRATEGIC COOPERATION AGREEMENTS**

The board (the “**Board**”) of directors (the “**Director**”) of the Company announces that on 23 September 2015, China LNG Finance Leasing Company Limited\* (港能國際融資租賃有限公司) (“**CLNG Finance**”), a wholly-owned subsidiary of the Company and China LNG Investment (Shanghai) Co., Limited\* (港能投資(上海)有限公司) (“**CLNG Investment**”), a wholly-owned subsidiary of the Company entered into a strategic cooperation agreement (the “**Agreement I**”) with Jiangsu Dajin Heavy Industries Co., Ltd\* (江蘇大津重工有限公司) (“**Dajin**”), a strategic cooperation agreement (the “**Agreement II**”) with Jiangsu An Shun Shipbuilding Co., Ltd\* (江蘇安順船舶有限公司) (“**An Shun**”), a strategic cooperation agreement (the “**Agreement III**”) with Jiangsu Jiangbei Ship Industry Co., Limited\* (江蘇江北船業有限公司) (“**Jiangbei**”), a strategic cooperation agreement (the “**Agreement IV**”) with Jiangsu Qinfeng Shipbuilding Co., Ltd \* (江蘇勤豐船業有限公司) (“**Qinfeng**”), a strategic cooperation agreement (the “**Agreement V**”) with Pizhou City Dongfang Ship Repairing and Building Co., Ltd\* (邳州東方船舶修造有限公司) (“**Dongfang**”), a strategic cooperation agreement (the “**Agreement VI**”) with Pizhou City Suhang Shipping Co., Ltd\* (邳州市蘇航航運有限公司) (“**Suhang**”), a strategic cooperation agreement (the “**Agreement VII**”) with Jiangsu Hehai Shiping Co., Ltd\* (江蘇海海運輸股份有限公司) (“**Hehai**”), a strategic cooperation agreement (the “**Agreement VIII**”) with Wuhu Hongri Shipping Co., Ltd\* (蕪湖市紅日航運有限公司) (“**Hongri**”), and a strategic cooperation agreement (the “**Agreement XI**”) with Honghua Marine Oil and Gas Equipment (Jiangsu) Co., Limited\* (宏華海洋油氣裝備(江蘇)有限公司) (“**Honghua**”) in relation to the provision of finance lease services for LNG vessels, the manufacturing of LNG vessels, the transformation and modification of ordinary vessels into LNG vessels and the construction of LNG and clean diesel fuel refueling stations for developing the LNG businesses in the PRC. The nine strategic cooperation agreements are collectively “**Nine Agreements**”.

To the best of the knowledge, information and belief having made all reasonable enquiries by the directors of the Company, Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri, Honghua and each of their ultimate beneficial owners are third parties independent of and not connected with any of the connected persons (as defined in the Listing Rules) of the Company and any of its subsidiaries or any of their respective associates.

Pursuant to the Nine Agreements, the Cooperation is as follows:

- (1) CLNG Finance agrees to provide a finance lease credit limit up to the amount of RMB1,000 million, RMB200 million, RMB200 million, RMB1,000 million, RMB200 million, RMB300 million, RMB500 million, RMB300 million, RMB2,000 million to the customers of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua, respectively, for the manufacturing of LNG vessels or the transformation and modification of vessels from using diesel fuel into using LNG;
- (2) Each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua will be responsible for referring and recommending CLNG Finance and CLNG Investment to their customers with good reputation and solid business in the transportation industry;
- (3) CLNG Finance is willing to offer finance lease services for LNG vessels at a more favourable interest rate than its business counterparts to each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua to meet their working capital requirement from time to time;
- (4) Each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua agrees to manufacture LNG vessels at a competitive cost under an efficient manufacturing timetable for the customers with whom CLNG Finance will enter into finance lease agreements;
- (5) Each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai and Hongri agrees to invest together with CLNG Investment in the construction of LNG refueling stations and docks along the coastline where each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai and Hongri is allowed to operate. Each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai and Hongri agrees to give priority to CLNG Finance to provide the supply of LNG to the refueling stations;
- (6) CLNG Finance and CLNG Investment agree to provide all necessary assistance and support to each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua in applications for licenses required for engaging in the construction of LNG refueling stations and provide all LNG related services at a competitive price;
- (7) All parties agree to promote widely use of LNG and awareness of LNG as green energy at related conferences and exhibitions.

The Nine Agreements form non-legally binding business cooperations between CLNG Finance and each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua for an effective period of two years, between CLNG Investment and each of Dajin, An Shun, Jiangbei, Qinfeng,

Dongfang, Suhang, Hehai, Hongri and Honghua for an effective period of three years. The board wishes to emphasize that no final terms and conditions in relation to the LNG businesses has been concluded as at the date of this announcement. Moreover, definitive agreements shall have to be signed by the parties in respect of specific cooperation entered into under each of the Nine Agreements.

## **ABOUT DAJIN**

Dajin is a wholly-owned subsidiary of Shanghai Bestway Marine Engineering Design Co., Ltd\* (上海佳豪船舶工程設計股份有限公司) (“**Shanghai Bestway**”). The shares of Shanghai Bestway are listed on the Shenzhen Stock Exchange (Stock code: 300008).

Shanghai Bestway was founded in 2001 and is based in Shanghai with the registered capital of RMB125.0 million. It provides marine and offshore engineering services in China. It offers production design solutions for merchant, offshore, special, navy auxiliary, and government ships, as well as for yachts. It also designs, manufactures, and distributes yachts and marine equipment; and furniture for yacht and luxury cruiser decoration, and hotel and club decoration. In addition, it provides technical consultancy, engineering supervision, engineering contracting, financing services, yacht operations and services and services relating to import and export and logistics business for ship, yacht, and auxiliary marine equipment.

Dajin is principally engaged in the design and the manufacturing of sizeable vessels including bulk freighters, container ships, tankers, chemical tankers, multi-purpose vessels, engineering vessels, platform supply vessels and other high value vessels up to the capacity of 30,000 DWT with the registered capital of RMB125 million. It has a large scale ship building and repairing base in Yangzhong City of Jiangsu Province with a total area of approximately 150,000 square meters along 800 meter coastline. Dajin worked closely with Shanghai Bestway to enhance its technology research and development services in the areas of marine engineering and ship building. In application of new shipping technologies internally generated from research and development and externally acquired, Dajin managed to develop new vessel types and comprehensive management systems of gas, security and storage tanker. Dajin has recently entered into a contract for manufacturing of 200 LNG vessels with an initial investment of RMB150 million.

## **ABOUT AN SHUN**

An Shun was established in 2004 with the registered capital of RMB50.5million. It is located at Jintan District, Changzhou City, Jiangsu. It covers an area of approximately 58,000 square meters with gross floor area of approximately 20,000 square meters for ship construction purpose. An Shun is engaged in the manufacturing of various type of vessels such as pontoons, bulk carriers, oil tankers, bulk cement tank ships, salt carriers, chemical tankers, cargo ships, administrative boats, engineering ships, etc., all of them can meet safety standards, rules and regulations stipulated by the China Classification Society, the International Convention for the Safety of Life at Sea and all kinds of ship societies in respect of shipping construction, equipment and operation. An Shun has the Grade Two shipbuilding qualification in possession of advanced and comprehensive shipbuilding equipment and has a long-term technical collaboration relationship with various research institutes in relation to ship design.

## **ABOUT JIANGBEI**

Jiangbei was established in 1998 with the registered capital of RMB5.0 million. It is located at the Shipbuilding Industrial Park in Hailing area, Taizhou City, covering a total area of approximately 35,666 square meters. It is engaged in the manufacturing of difference type of vessels such as oil tankers (dangerous goods), the Shanghai World Expo pontoon boats, floating bridges and ferries. Its competitive strength is in the areas of LNG and gas ship design and security system integration.

## **ABOUT QINFENG**

Qinfeng was established in 2007 with the registered capital of RMB201.9 million. It has a large scale ship building and repairing base in Xiangshui of Jiangsu Province with a total area of approximately 1.2 million square meters along a coastal line of 2,300 meters. It has built over one hundred ships including sizeable bulkcarriers. The principal activities of Qinfeng are ship building, ship repairing, provision of global shipping services, trading of newly built and second-hand ships, vessel chartering, trading of marine equipment and related products, and provision of consultation services in relation to ship building technologies. Its shipping business covers ports and dockyards mainly in the middle and lower reach of the Yangtze River. It has been accredited with ISO 9001:2000 Quality Control System in 2009.

## **ABOUT DONGFANG**

Dongfang was established in 2009 with the registered capital of RMB3.6 million. Dongfang is one of a few qualified LNG ship builders located along the Grand Canal, Hangzhou. Dongfang is capable of manufacturing ships at a competitive cost within a short time frame. From 2009 to 2014, Dongfang has successfully completed manufacturing of approximately 70 ships and repair of approximately 600 ships with inspection and acceptance by the respective governmental authorities.

## **ABOUT SUHANG**

Suhang was established in 2001 with the registered capital of RMB6.0 million and is principally engaged in provision of logistic and shipping services in the inland rivers and inland lakes in the Jiangsu and Zhejiang provinces. Suhang has an overall shipping capacity of approximately 35,000 DWT with an annual traffic volumes of approximately 400,000 tones. Suhang has entered into several long-term service agreements with a number of well established cement enterprises including Anhui Conch Cement Company Limited, a company listed on both the Shanghai Stock Exchange and Hong Kong Stock Exchange (SSE stock code: 600585; HKEX stock code:914) and Zhejiang Leomax Group Special Cement Co., Ltd..

## **ABOUT HEHAI**

Hehai was established in 1956 with the registered capital of RMB38.5 million. Hehai has been accredited with several awards including National 4A Logistics Enterprise\* (國家4A級物流企業), China Logistics Brand Value 100 Enterprises\* (中國物流百強企業), National Advanced Transportation System Enterprises\* (全國交通系統先進單位), Top 50 Jiangsu Logistic Enterprise\* (江蘇物流50強企業) and



Jiangsu Service Industry Brand\* (江蘇服務業名牌). Hehai has a number of subsidiaries and branch offices throughout the PRC. Hehai has over 40 vessel teams that carry an overall shipping capacity of approximately 300,000 DWT with an annual traffic volumes of approximately 10 million tones.

## **ABOUT HONGRI**

Hongri was established in 1997 with the registered capital of RMB6.1 million and is one of the key transportation enterprises in the Anhui province. Hongri is principally engaged in transportation of goods in inland waterway, operating routes throughout the Yangtze River, the Grand Canal and the domestic coastal lines. Hongri is an excellent model enterprise in Anhui in respect of energy conservation and emissions reduction and a deputy president unit of the Anhui Shipping Association. Hongri has owned the first vessel which consumed the mixture of natural gas and diesel fuel combustion with inspection and acceptance certificates.

Hongri operates in Hubei, Jiangxi, Anhui, Shanghai and other provinces and cities. Hongri has an overall shipping capacity of approximately 600,000 DWT with an annual traffic volumes of approximately 2 million tones.

## **ABOUT HONGHUA**

Honghua was established in 2009 with the registered capital of RMB875.0 million and is a wholly-owned subsidiary of Honghua Group Limited (“**Honghua Group**”), a company listed on the Hong Kong Stock Exchange (HKEX Stock Code: 196), being a world famous rigs drilling manufacturer, offshore engineering, and oil and gas exploitation equipment, and drilling services provider. Honghua is located in the port of Qidong City, Jiangsu province, and is the base for offshore oil engineering of Honghua Group. Honghua is principally engaged in the manufacturing of jack-up drilling platforms, the manufacturing of semi-submersible drilling platforms, the manufacturing of drilling barges, the construction of the auxiliary barges, the construction of multifunctional platforms and the construction of the large marine engineering structures. Honghua is also committed to participating in green energy LNG projects and is capable of providing maintenance system on advanced semi-membrane LNG cargos and a variety of LNG power ships.

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

The Group is principally engaged in the development of LNG businesses, trading of securities and property investment. The LNG business in the PRC is a key focus area of the Group.

To cooperate with the green energy strategy encouraged by the PRC government, the Group commenced to operate the finance leasing business of the LNG vehicles, vessels and equipment in February 2015. The Group is committed to promote the application of LNG, through engaging in the finance leasing business for LNG vehicles, vessels and equipment and investment in natural gas midstream and downstream projects to relieve the pollution problem in the PRC.

The existing LNG business of the Group is provision of finance leasing business of LNG heavy vehicles in the PRC. The Group is expanding further its finance leasing business to cater to LNG vessels in the PRC. Accordingly, CLNG Finance and CLNG Investment have entered into the Nine Agreements with each of Dajin, An Shun, Jiangbei, Qinfeng, Dongfang, Suhang, Hehai, Hongri and Honghua in relation to the manufacturing of LNG vessels, the transformation or modification of vessels from using diesel fuel into using LNG and the construction of LNG and clean diesel refueling stations for developing the LNG businesses in the PRC to facilitate the business of finance leasing of LNG vessels and investment in LNG related projects. As at the date of this announcement, 19 strategic cooperation framework agreements entered into by the Group remain active, which ongoing research and negotiations are being conducted on their development timeframe.

## THE FINANCE LEASE MASTER AGREEMENT

On 23 September 2015, CLNG Finance, a wholly-owned subsidiary of the Company entered into the Finance Lease Master Agreement (the “**Finance Lease Master Agreement**”) with Maifutong International Finance Leasing Co., Ltd\* (買付通國際融資租賃有限公司) (“**Maifutong**”, together with CLNG Finance, the “**Lessors**”) and LNG Power Shipping Co., Ltd.\* (綠動水上運輸有限公司) (the “**Lessee**” or “**LNG Power**”), the principal terms of which are summarized as follows:

**Date:** 23 September 2015

**Parties:** Lessor A: CLNG Finance  
Lessor B: Maifutong  
Lessee: LNG Power

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Maifutong, the Lessee and their ultimate beneficial owner are independent third parties not connected with (within the meaning of the Listing Rules) the Directors, the chief executives and the substantial shareholders of the Company and its subsidiaries and their respective associates.

**The Lease Assets:** 200 units of LNG vessels (the “**Lease Assets**”) to be manufactured by Honghua

**The Lease Consideration:** The expected total consideration for the transactions under the Finance Lease Master Agreement is approximately RMB457,200,000 (equivalent to approximately HK\$555,498,000) (the “**Lease Consideration**”).

**Nature of transaction:** Provision of the finance lease arrangement (the “**Finance Lease Arrangement**”) on any of the Lease Assets by the Lessors to the Lessee pursuant to the Finance Lease Master Agreement, upon reasonable requests of the Lessee. The Lessors and the Lessee will enter into a separate finance lease agreement (the “**Finance Lease Agreement**”) in respect of the Finance Lease Arrangement required by the Lessee in such form and on such terms to be

negotiated on an arm's length basis and agreed between the relevant parties from time to time subject to the provisions of the Finance Lease Master Agreement.

**Terms:**

*(a) Lease method*

The lease method is sale and leaseback pursuant to which the Lessors shall purchase from the Lessee the Lease Assets which will be leased back to the Lessee by the Lessors.

*(b) Lease consideration*

CLNG Finance and Maifutong are the joint lessors, 99.5% of the Finance Lease Consideration shall be contributed by CLNG Finance and 0.5% of the Lease Consideration shall be contributed by Maifutong under each Finance Lease Arrangement.

*(c) Lease period*

The lease period for each Finance Lease Arrangement will be 5 years.

*(d) Lease payments and interest rate*

The lease payments charged by the Lessors will include the Lease Consideration and interest thereon charged at a rate determined by reference to the benchmark lending rates published by the People's Bank of China, the central bank of the PRC ("PBOC") from time to time at a certain percentage up (excluding related taxes).

*(e) Deposit*

The deposit for each Finance Lease Arrangement is required at a certain percentage of the Lease Consideration.

*(f) Handling fee*

An one-off non-refundable handling fee will be charged at a certain percentage on each of the Lease Consideration times the lease period and payable by the Lessee immediate upon the signing of each Finance Lease Agreement.



*(g) Title and remedies*

The legal title and all rights of the Lease Assets shall vest in the Lessors throughout the lease period.

Upon expiry of the lease period of each Finance Lease Arrangement and subject to, among other things, the full payment of the aggregate lease payment (the “**Lease Payment**”) payable by the Lessee, the Lessee will repurchase the Leased Assets together with their corresponding legal titles from the Lessors at the nominal price of RMB1 for the Lease Asset under each Finance Lease Arrangement.

*(h) Security and guarantee*

- (1) An equity pledge agreement would be entered into between the Lessee, the shareholders of the Lessee and the Lessors, in relation to pledging of all the shares of the Lessee to the Lessors.
- (2) An unlimited personal guarantee must be provided by the major beneficial owner of the Lessee.

*(i) Payment Requirement*

The release of each payment of the Lease Consideration from the Lessors to the Lessee is conditional upon, fulfilment or waiver by the relevant parties of certain conditions on or prior to the payment day, including but not limited to, the provision of relevant documentation in form and substance satisfactory to the Lessors.

*(j) General*

The transactions shall be conducted on normal commercial terms.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE MASTER AGREEMENT**

The entering into of the Finance Lease Master Agreement was part of the ordinary and usual course of business of CLNG Finance which will enable CLNG Finance to earn a sizeable aggregate finance lease income and handling fee. Moreover, it can expand the Group’s finance leasing business to cater to LNG vessels in the PRC.

Given that the Finance Lease Master Agreement was being conducted in the ordinary and usual course of business of the Group and was under normal commercial terms after arm’s length negotiation, the Directors are of the view that the terms of the Finance Lease Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders of the Company as a whole.

*The existing interest rate for RMB loans published by the PBOC is 5.0% for loans with terms over 3 years but not more than 5 years.*

## **INFORMATION ABOUT THE LESSEE**

LNG Power Shipping Co., Ltd\* (綠動水上運輸有限公司) is a limited liability company established under the laws of the PRC. LNG Power was established in October 2014 with the registered capital of RMB50 million (increased to the registered capital of RMB100 million in August 2015). Headquartered in Shanghai, LNG Power is mainly engaged in the provision of domestic water transport services, the repair and the maintenance of new energy ships, the sales of building materials and ships, the sales of electrical equipment and environmental protection equipment, the technology development in the field of new energy ships and technical consultation, etc.

## **INFORMATION ABOUT THE MAIFUTONG**

Maifutong is a limited liability company established under the laws of the PRC was established in April 2015 with the registered capital of RMB172 million. Maifutong is principally engaged in finance leasing business.

The board wishes to emphasize that no final terms and conditions in relation to the LNG businesses has been concluded as at the date of this announcement. Moreover, definitive agreements shall have to be signed by the parties in respect of specific cooperation entered into under each of the Nine Agreements and the Finance Lease Master Agreement.

**Shareholders of the Company and/or investors should note that the transactions contemplated under the Nine Agreements and the Finance Lease Master Agreement may or may not materialize as described or at all, and should exercise caution when dealing in the shares of the Company. Further announcement in respect of the LNG businesses 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\$1.215 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, 23 September 2015

*As at the date of this announcement, the executive Directors are Mr. Kan Che Kin, Billy Albert, Mr. Chen Li Bo, Ms. Li Shu Han, Eleanor Stella and Mr. Li Kai Yien, Arthur Albert; the non-executive Directors are Mr. Simon Murray and Dr. Lam, Lee G.; the independent non-executive Directors are Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lam Lum Lee.*

\* *for identification purpose only*