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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)

UPDATE ON ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

Reference is made to the announcements of China LNG Group Limited (the “**Company**”) dated 29 January 2018, 13 February 2018 and 20 February 2018 (the “**Announcements**”) in relation to the issue of Convertible Notes under General Mandate. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

ISSUE OF CONVERSION SHARES

Following the Completion which was taken place on 20 February 2018, the Company received a conversion notice from the Subscriber on 20 February 2018 requesting to exercise Conversion Rights in respect of 14 Convertible Notes in the total sum of HK\$14,000,000.

Upon the said exercise of the aforementioned Conversion Rights, a total of 11,180,000 Conversion Shares have been issued to the Subscriber on 22 February 2018 at the conversion price of HK\$1.2523, being 95% of the Volume Weighted Average Price on 15 February 2018 of HK\$1.3182.

TERMS AND CONDITIONS OF THE CONVERTIBLE NOTES

As announced in the Company’s announcement dated 20 February 2018, following the removal of the clauses in relation to Minimum Conversion Price as detailed in the Amendment Agreement, all clauses in relation to adjustment of Minimum Conversion Price in the Subscription Agreement shall be construed to refer to adjustments to the Conversion Price as appropriate. The Board would like to clarify that the maximum number of Conversion Shares to be issued upon exercise of the Conversion Rights attached to the Convertible Notes shall be 666,666,000 in any event.

USE OF PROCEEDS

The Board would like to provide additional information regarding the intended use of the proceeds of approximately HK\$798 million from the issue of Convertible Notes:

- (a) approximately 9% will be allocated to repayment of existing working capital loans in the total amount of HK\$70 million;
- (b) approximately 13% will be allocated to payment of the balance of purchase price in the sum of HK\$100 million before the end of February 2018 for the acquisition of LNG refilling trucks according to the Company's announcements dated 18 October 2017 and 24 October 2017, respectively;
- (c) approximately 78% will be allocated to fulfilment of the Group's financial needs in various projects:
 - (i) start-up money of approximately HK\$200 million to HK\$300 million will be allocated to the construction of LNG vessel terminal, storage tanks, LNG tanker logistics base, LNG distributed energy, LNG refuelling station and industrial coal-to-gas project of a total investment of HK\$4.2 billion according to the Company's announcement dated 25 September 2017;
 - (ii) start-up money of approximately HK\$150 million to HK\$200 million will be allocated to the construction of the LNG Reserve Peak Shaving Center and Township Clean Energy Project of a total investment of HK\$1.5 billion according to the Company's announcement dated 18 July 2017; and
 - (iii) start-up money of approximately HK\$100 million to HK\$150 million will be allocated to the construction of the Northwest Clean Energy Logistics Base Project of a total investment of HK\$480 million according to the Company's announcement dated 18 July 2017.

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

Hong Kong, 23 February 2018

As at the date of this announcement, the executive Directors are Dr. Kan Che Kin, Billy Albert, Mr. Chen Li Bo and Mr. Li Kai Yien, Arthur Albert; the non-executive Directors are Dr. Lam, Lee G. and Dr. Simon Murray; and the independent non-executive Directors are Mr. Li Siu Yui, Mr. Au Yeung Po Fung and Mr. Lam Lum Lee.

* *For identification purposes only*