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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)

PLACING OF BONDS

Placing Agent



This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

On 26 September 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to act as placing agent, on a best effort basis, for the purposes of procuring Placees to subscribe in cash for the Bonds with an aggregate principal amount of up to HK\$300 million during the Placing Period.

Placing Completion is subject to, among other things, the Placing Agent's rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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THE PLACING AGREEMENT

Date

26 September 2018 (after trading hours)

Parties

Issuer : the Company

Placing Agent : China Hong Kong Capital Asset Management Limited, an indirect non-wholly owned subsidiary of the Company

Bond Placing

Pursuant to the Placing Agreement, the Placing Agent agreed to act as placing agent (either by itself or through its sub-placing agents), on a best effort basis, for the purposes of procuring Placees to subscribe in cash for the Bonds with an aggregate principal amount of up to HK\$300 million during the Placing Period.

The Placing Agent will charge a placing fee at certain percentage of the principal amount of the Bonds successfully placed by the Placing Agent. The placing fee was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents. The Directors consider that the terms of the Placing, including the placing fee, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Termination Rights of the Placing Agent

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement, by notice in writing to the Company before the expiry date of the Placing Period, if in its reasonable opinion after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary,

- (a) if any of the conditions precedent of the Placing Agreement has not been fulfilled, or waived by the Placing Agent;
- (b) if there shall have come to the notice of the Placing Agent any breach of, or any event rendering untrue, incomplete, inaccurate or misleading in any respect, any of the collective warranties;
- (c) if there is any breach by the Company of any covenant or agreement in the transaction documents;
- (d) if at any time prior to 4:00 p.m. (Hong Kong time) on the closing date of Placing, there develops, occurs or comes into force:

- (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (ii) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, the PRC or Cayman Islands, or the declaration by Hong Kong, the PRC or Cayman Islands of war or a state of emergency or calamity or crisis; or
 - (iii) any change or development in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (iv) any change or development in local, national or international securities market conditions or currency exchange rates or exchange controls which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (v) any suspension of dealings in the Shares for consecutive 15 trading days during the Placing Period whatsoever (other than as a result of the Placing or in connection with the clearance of any announcement relating to any bona fide notifiable or connected transactions or otherwise required under the Listing Rules); or
 - (vi) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the closing date of Placing which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (e) there is any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of this Placing Agreement) as a whole which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith.

Principal terms of the Bonds

- Principal amount : Up to HK\$300 million
- Interest : 7% per annum, payable semi annually in arrears
- Maturity date : On the first anniversary of the issue of the relevant Bonds (subject to an option to extend for another one year)
- Denomination : In denomination of HK\$500,000 each in the minimum (or for any amount over HK\$500,000, in integral multiple of HK\$500,000 each).
- Status : The obligations of the Company arising under the Bonds constitute direct, unconditional and unsubordinated obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Transferability : The Bonds are transferable in whole multiples of HK\$500,000 and may be transferred to any person subject to the conditions, approvals, requirements and any other provisions of or under:
- (a) the Stock Exchange or its rules and regulations; and
 - (b) all applicable rules and regulations.
- Early Redemption : Neither the bondholder may demand for early redemption of the Bonds before the maturity date nor shall the Company have the right to redeem the Bonds before the maturity date.
- Application for listing : No application will be made for a listing of the Bonds on the Stock Exchange or any stock or securities exchange.

Placees

The Bonds will be placed to Placees who are not, and whose ultimate beneficial owners, if applicable, are not Connected Persons of the Company.

Placing Period

The Placing Period commences from the date of the Placing Agreement and ends on the earlier of (i) 6th month from the date of this Placing Agreement, or such other period as may be agreed between the Company and the Placing Agents in writing; and (ii) the date on which the Placing Agents successfully procures Placees to subscribe for the Bonds in an aggregate amount of HK\$300,000,000, in both cases, both dates inclusive, or such other period as agreed otherwise between the Company and the Placing Agents in writing.

Conditions of the Bond Placing

The Bond Placing and the obligations of the Placing Agent under the Placing Agreement is conditional upon, among other things, the compliance of any requirements under the Listing Rules or otherwise of the Stock Exchange and/or the SFC which requires compliance in relation to the Bond Placing and the issue of the Bonds.

If the above condition is not satisfied by 4:00 p.m. on the closing date, the Placing Agreement shall be automatically terminated and be of no further effect and no party shall be under any liability to any other in respect of the Placing Agreement and the parties shall be released and discharged from their respective obligations.

The Placing Agent may also terminate the Placing Agreement (save in respect of Bonds already issued) should there be any breach (which is material in the reasonable opinion of the Placing Agent) of the warranties given by the Company under the Placing Agreement.

Completion of the Bond Placing

Completion of the Bond Placing may take place in tranches and in respect of each tranche shall take place within five Business Days upon serving such completion notice by the Placing Agent to the Company of the amount of the Bonds subscribed by the Placees.

USE OF PROCEEDS

The principal activities of the Group are development of LNG businesses in the PRC, including point-to-point supply and wholesale of LNG, provision of LNG logistic services, sales of LNG vehicles, provision of finance leasing services for LNG vehicles, vessels and equipment in the PRC as approved by Ministry of Foreign Trade and Economic Cooperation of the PRC, trading of securities, provision of securities brokerage, margin financing and securities investments and financial services through provision of money lending business in Hong Kong.

Assuming the Bonds are placed in full, the maximum aggregate gross proceeds from the Bond Placing will be HK\$300 million. The Company intends to apply the net proceeds from the Bond Placing after deducting the placing commission and other related costs and expenses as working capital for the expansion of existing businesses of the Group, especially for the LNG businesses, and to finance any future opportunities as the Company may identify, and repayment of loans and borrowings.

Placing Completion is subject to, among other things, the Placing Agent’s rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Bonds”	the 1 year (subject to an option to extend for another one year) 7% bonds to be placed pursuant to the Placing Agreement
“Bond Placing”	the placing of the Bonds by the Placing Agent on a best effort basis pursuant to the terms and conditions of the Placing Agreement
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks are generally open for business more than five hours in Hong Kong
“Company”	China LNG Group Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Connected Persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional and other investor whom the Placing Agent has procured to subscribe for any of the Bonds pursuant to the Placing Agreement
“Placing”	the placing of the Bonds pursuant to the terms set out in the Placing Agreement
“Placing Agent”	China Hong Kong Capital Asset Management Company Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 26 September 2018 and entered into between the Company as issuer and the Placing Agent as placing agent in relation to the Bond Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating on the date falling on the expiration of six months from the date of the Placing Agreement (or such later time and date as the Company and the Placing Agent may agree in writing)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time) each in the capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

percentage or per centum

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

Hong Kong, 26 September 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 Mr. Simon Murray; and the independent non-executive Directors are Mr. Li Siu Yui, Mr. Au Yeung Po Fung and Mr. Lam Lum Lee.

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