

*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.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*

## **China CBM Group Company Limited**

**中國煤層氣集團有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8270)**

### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE AND APPLICATION FOR WHITEWASH WAIVER**

**Financial Advisor to the Company**



**Capital 9 Limited**

#### **SUBSCRIPTION OF NEW SHARES BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE**

On 31 December 2020 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, an aggregate of 758,515,714 Subscription Shares at the Subscription Price of approximately HK\$0.028 per Subscription Share for a total consideration of HK\$21,238,440. The consideration for the Subscription Shares will be set off on a dollar to dollar basis against the Loan.

The Subscription Shares represent (i) approximately 57.49% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 36.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate.

Subscription Completion is conditional upon, among others, the fulfilment of the terms and conditions as set forth in the Subscription Agreement.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber and the parties acting in concert with him holds an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company, among which as to 18,118,500 Shares, representing approximately 1.37% of the issued share capital of the Company, are held by Jumbo Lane Investments Limited, a company which is wholly owned by the Subscriber and as to 376,121,483 Shares, representing approximately 28.51% of the issued share capital of the Company, are held by the Subscriber.

Upon Subscription Completion, the Subscriber and parties acting in concert with him will hold an aggregate of 1,152,755,697 Shares, representing approximately 55.47% of the voting rights of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). As a result, the Subscriber and parties acting in concert with him will be obliged to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with him) pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.

The Subscriber will apply to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares and which, if granted, will be subject to the approval by at least 75% and more than 50% of the votes cast by the Independent Shareholders by way of a poll in respect of the Whitewash Waiver and the Subscription (including the Specific Mandate), respectively, at the SGM. The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Subscription will not proceed.

## **GEM LISTING RULES IMPLICATIONS**

As the Subscriber is a substantial Shareholder of the Company and also an executive Director of the Company, the Subscriber is a connected person of the Company as defined under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules and will be subject to the announcement, reporting and approval by the Independent Shareholders' approval requirements.

As at the date of this announcement, the Subscriber and his associates hold an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company. The Subscriber and his associates will abstain from voting on the resolution approving the Subscription at the SGM.

## **GENERAL**

The Company has established the Listing Rules IBC, comprising all the independent non-executive Directors (namely Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian), to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, and as to the voting action therefor.

The Company has also established the Takeovers Code IBC, comprising two non-executive Directors (namely Mr. Duan Shi Chuan and Mr. Liang Feng) and all the independent non-executive Directors (namely Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian), to make a recommendation to the Independent Shareholders (i) as to whether the Subscription and the transactions contemplated thereunder and the Whitewash Waiver are, or are not, fair and reasonable, and (ii) as to the voting action therefor in accordance with Rule 2.1 of the Takeovers Code. Mr. Wang Chen, a non-executive Director, being the son of the Subscriber, has been excluded from the Takeovers Code IBC due to his potential conflict of interests.

An independent financial adviser will also be appointed to advise (a) the Listing Rules IBC and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (b) the Takeovers Code IBC and the Independent Shareholders (i) as to whether the Subscription and the transactions contemplated thereunder and the Whitewash Waiver are, or are not, fair and reasonable; and (ii) as to voting. The appointment of the independent financial adviser will be subject to approval by the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code. Further announcement will be made by the Company upon appointment of the independent financial adviser as and when appropriate.

A circular containing, among other things, (i) details of the Subscription and the Whitewash Waiver; (ii) the recommendation of the Listing Rules IBC to the Independent Shareholders; (iii) the recommendation of the Takeovers Code IBC to the Independent Shareholders; (iv) the letter of advice from the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (v) a notice of the SGM, is expected to be despatched to the Shareholders within 15 business days (as defined under the GEM Listing Rules) from the date of this announcement pursuant to the GEM Listing Rules or 21 days from the date of this announcement pursuant to the Takeovers Code, whichever is earlier (i.e. no later than 21 January 2021).

**The Subscription Completion is subject to the fulfilment of a number of conditions precedent set out under the section headed “Conditions precedent” in this announcement, including the obtaining of the approval by the Independent Shareholders at the SGM of the Subscription and the transactions contemplated under the Subscription Agreement and the granting of the Whitewash Waiver by the Executive. Accordingly, the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## **THE SUBSCRIPTION AGREEMENT**

**Date** 31 December 2020 (after trading hours)

### **Parties**

**Issuer** the Company

**Subscriber** Mr. Wang Zhong Sheng

The Subscriber is the Chairman of the Company and an executive Director. As at the date of this announcement, the Subscriber and the parties acting in concert with him hold an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company, among which as to 18,118,500 Shares, representing approximately 1.37% of the issued share capital of the Company, are held by Jumbo Lane Investments Limited, a company which is wholly owned by the Subscriber and as to 376,121,483 Shares, representing approximately 28.51% of the issued share capital of the Company, are held by the Subscriber. The Subscriber is also a grantee of Options to subscribe for 324,750 Shares under the Share Option Scheme. The Subscriber was also the holder of the Convertible Bonds in the principal amount of HK\$21,238,440 which have become matured and due on 9 December 2020. As at the date of this announcement, save as disclosed above, the Subscriber and parties acting in concert with him do not hold any other securities of the Company.

### **The Subscription Shares**

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, an aggregate of 758,515,714 Subscription Shares at the Subscription Price of approximately HK\$0.028 per Subscription Share for a total consideration of HK\$21,238,440. The Subscriber was the holder of the Convertible Bonds in the principal amount of HK\$21,238,440 which have become matured and due on 9 December 2020. The consideration for the Subscription Shares will be set off on a dollar to dollar basis against the outstanding Loan.

The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.01 each) is HK\$7,585,157.14.

The Subscription Shares represent (i) approximately 57.49% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 36.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate.

The Subscription Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue.

### **The Subscription Price**

The Subscription Price of approximately HK\$0.028 per Subscription Share:

- (a) equals to the closing price of HK\$0.028 per Share on the Last Trading Day;
- (b) represents a premium of approximately 0.72% over the average closing price of HK\$0.0278 per Share for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (c) represents a premium of approximately 2.19% over the average closing price of HK\$0.0274 per Share for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) represents a discount of approximately 81.70% to the net asset value per Share of approximately HK\$0.153 per Share based on the unaudited net asset value attributable to owners of the Company of approximately RMB170,447,000 as at 30 September 2020 and 1,319,484,534 Shares in issue; and
- (e) represents a discount of approximately 83.13% to the net asset value per Share of approximately HK\$0.166 per Share based on the audited net asset value attributable to owners of the Company of approximately RMB185,554,000 as at 31 December 2019 and 1,319,484,534 Shares in issue

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the market prices and the trading performance of the Shares.

## Conditions precedent

Subscription Completion is conditional upon satisfaction of the following conditions:

- (i) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares;
- (ii) the Company having obtained all the required consents and approvals (including the relevant Board resolutions, the listing approval for the Subscription Shares as mentioned in (i) above and the passing of resolutions by the Independent Shareholders as mentioned in (v) below) in respect of the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate);
- (iii) the Subscriber having obtained all the required consents and approvals (i.e. the Whitewash Waiver) in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (iv) the Executive having granted the Whitewash Waiver and such approval not having been revoked or withdrawn as at the date of Subscription Completion, and for any conditions imposed thereon (if applicable) being satisfied in full;
- (v) the passing of resolutions by Independent Shareholders at the SGM approving, among others:
  - (a) the signing, delivery and performance of the Subscription Agreement and the transactions contemplated thereunder;
  - (b) the granting of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement; and
  - (c) the Whitewash Waiver.

For the avoidance of doubt, none of the above conditions precedent is waivable. If any of the conditions precedent are not satisfied in accordance with the terms of the Subscription Agreement on or before 4:00 p.m. on 30 April 2021 (or such other date as may be agreed between the parties to the Subscription Agreement in writing), the Subscription Agreement shall terminate and the parties to the Subscription Agreement will be released from all obligation thereunder, save for any liability arising out of any antecedent breaches.

## **Subscription Completion**

The Subscription Completion shall take place at 4:00 p.m. on the date falling within three Business Days (or such other date as the parties to the Subscription Agreement may agree in writing) after all the conditions precedent under the Subscription Agreement having been satisfied by the relevant parties.

## **Reasons for the Subscription**

The Group is principally engaged in the exploitation, liquefaction production and sales of natural gas and coalbed gas and provision of gas supply connection services.

The Convertible Bonds were issued in December 2015 with principal amount of HK\$21,238,440. The Convertible Bonds have a maturity period of 5 years from the issue date and were convertible into 94,142,021 Shares in the capital of the Company at a conversion price of HK\$0.2256 per Share.

The Board considers that the entering into the Subscription Agreement allows the Group (i) to repay the Loan in order to improve its gearing position; and (ii) retain its cash reserves for business operation, future business development and/or capturing any prospective investment opportunity as and when it arises.

In light of the current financial position of the Group, it is infeasible for the Company to repay the Loan. The Board has considered various fund raising methods apart from the Subscription. As regards debt financing, the Board considers it commercially not viable to obtain further debt financing from third parties without further personal guarantee given by the Subscriber and pledge of assets. Further, it will increase the gearing level and interest burden of the Group. As regards other equity financing methods, given the financial result and liquidity of the Shares, the Directors consider it is infeasible to identify any placing agents or rights issue or open offer subscribers without a substantial discount on the market price per Share. Further, the Directors consider that the rights issue or open offer would incur costly underwriting commission and the process would be relatively time-consuming.

The Company has also considered the possibility for an extension of the maturity date of the Convertible Bonds. However, the Subscriber is not willing to allow prolonged extension of the maturity date and has also requested for interest on the Loan for such extension, which would increase the interest burden of the Group. Moreover, it would still be necessary for the Company to repay the Loan upon the extended maturity date. As such, the Board considers the Subscription as an expedient way to resolve the Loan.

In light of the above, the Board is of the view that equity financing by way of the Subscription is the most appropriate means to resolve the Loan.

The Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC, who will express their views after considering the advice of the independent financial adviser as to the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver) are of the view that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

### **Use of proceeds**

The amount of consideration of the Subscription Shares will set off against the Loan repayable by the Company on a dollar to dollar basis. As at the date of this announcement, the amount of the Loan is HK\$21,238,440 and the net price per Subscription Share after deducting professional fees and other related expenses, would be approximately HK\$0.026 per Subscription Share.

### **Fund-raising activities in the preceding twelve months**

The Company did not raise any funds from any equity fund-raising activities in the preceding twelve months immediately before the date of this announcement.

### **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, the Subscriber and the parties acting in concert with him holds an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company, among which as to 18,118,500 Shares are held by Jumbo Lane Investments Limited, a company which is wholly owned by the Subscriber and as to 376,121,483 Shares are held by the Subscriber.

Upon Subscription Completion, the Subscriber and parties acting in concert with him will hold an aggregate of 1,152,755,697 Shares, representing approximately 55.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). As a result, the Subscriber and parties acting in concert with him will be obliged to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with him) pursuant to Rule 26.1 of the Takeovers Code, unless the Whitewash Waiver is obtained from the Executive.



The Subscriber will apply to the Executive for the granting of the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares and which, if granted, will be subject to the approval by at least 75% and more than 50% of the votes cast by the Independent Shareholders by way of a poll in respect of the Whitewash Waiver and the Subscription (including the Specific Mandate), respectively, at the SGM. The aforesaid condition is not capable of being waived. If the Whitewash Waiver is not granted, the Subscription will not proceed.

The Executive may or may not grant the Whitewash Waiver. The Subscription contemplated under the Subscription Agreement will not proceed if the Whitewash Waiver is not granted to the Subscriber.

## EFFECT ON THE COMPANY'S SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as the date of this announcement; (ii) immediately after the Subscription Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares):

	As at the date of this announcement		Immediately after the Subscription Completion	
	Number of Shares	Approx. %	Number of Shares	Approx. %
The Subscriber	376,121,483	28.51	1,134,637,197	54.60
Jumbo Lane Investments Limited (Note 1)	18,118,500	1.37	18,118,500	0.87
<b>The Subscriber and the parties acting in concert with him</b>	<b>394,239,983</b>	<b>29.88</b>	<b>1,152,755,697</b>	<b>55.47</b>
Public Shareholders (Note 2)	925,244,551	70.12	925,244,551	44.53
<b>Total:</b>	<b>1,319,484,534</b>	<b>100.00</b>	<b>2,078,000,248</b>	<b>100.00</b>

Notes:

1. The Subscriber owns 100% interest in the issued share capital of Jumbo Lane Investments Limited and he is taken to be interested in the shares owned by Jumbo Lane Investments Limited pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
2. As at the date of this announcement, other than the Subscriber, none of the other Directors hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. The Directors (other than the Subscriber) are presumed to be acting in concert with the Subscriber under presumption class (6) of the definition of "acting in concert" of the Takeovers Code.

As at the date of this announcement, the relevant securities of the Company comprise:

- (i) 1,319,484,534 Shares in issue; and
- (ii) 32,119,074 outstanding Options with exercise price of HK\$3.81 per Share (in which (i) 324,750 outstanding Options were granted to the Subscriber; and (ii) the rests were granted to other employees and consultants of the Group) entitling the holders thereof to subscribe for a total of 32,119,074 Shares.

With the Convertible Bonds become due and matured on 9 December 2020, the Convertible Bonds no longer entitle the holder thereof to convert the same into Shares in accordance with the terms of the Convertible Bonds but the principal amount of the Convertible Bonds became due and payable by the Company.

Save as disclosed above, the Company has no other outstanding securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the exploitation, liquefaction production and sales of natural gas and coalbed gas and provision of gas supply connection services.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber has been appointed as chairman of the Board, an executive Director and the compliance officer of the Company since May 2006. From 9 January 2004 to 26 May 2006, the Subscriber was an executive director of Tianjin Jinran Public Utilities Company Limited (“Tianjin Jinran”) (formerly known as Tianjin Tianlian Public Utilities Company Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1265, former stock code: 8290), and was responsible for its business strategies. He graduated from the University of Tianjin with a bachelor degree in engineering in 1984. The Subscriber is also a director of Tianjin Leason Investment Group Company Limited (天津市聯盛投資集團有限公司). As at the date of this announcement, the Subscriber is a substantial Shareholder of the Company which holds 394,239,983 Shares in person or through controlled corporation, representing approximately 29.88% of the issued share capital of the Company, and is interested as a grantee of the Options to subscribe for 324,750 Shares under the Share Option Scheme.

## **Future intentions of the Subscriber regarding the Group**

The Subscriber intends to continue the existing principal businesses of the Group. He has no intention to (i) discontinue the employment of any employees of the Group; (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) change the current Board composition.

The Subscriber and the Company also intend to maintain the listing of the Shares on the GEM following the Subscription Completion.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, save for the Subscription:

- (i) save as disclosed in the section headed “Information on the Subscriber” above, the Subscriber and parties acting in concert with him do not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ii) the Subscriber and parties acting in concert with him have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber, which might be material to the Subscription and the Whitewash Waiver, with any other persons;
- (iv) there is no agreement or arrangement to which the Subscriber and parties acting in concert with him is a party which relates to circumstances in which he may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and the Whitewash Waiver;
- (v) none of the Subscriber or parties acting in concert with him has received any irrevocable commitment to vote for or against the Subscription and the Whitewash Waiver; and
- (vi) except for the entering into of the Subscription Agreement, none of the Subscriber and parties acting in concert with him, has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of this announcement.

As at the date of this announcement:

- (a) apart from the Subscription Shares to be subscribed by the Subscriber, the Subscriber has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Company and parties acting in concert with it in connection with the Subscription and the Subscription Agreement and the Whitewash Waiver;
- (b) apart from the Subscription Agreement, there is no other understanding, arrangement or special deal between the Company and parties acting in concert with it on the one hand, and the Subscriber and parties acting in concert with him on the other hand; and

- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders (other than the Subscriber and parties acting in concert with him); and (ii) the Subscriber and parties acting in concert with him; or the Company, its subsidiaries or associated companies.

## **GEM LISTING RULES IMPLICATIONS**

As the Subscriber is a substantial Shareholder of the Company and also an executive Director of the Company, the Subscriber is a connected person of the Company as defined under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules and will be subject to the announcement, reporting and Independent Shareholders' approval requirements.

As at the date of this announcement, the Subscriber and his associates hold an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company. The Subscriber and his associates will abstain from voting on the resolution approving the Subscription at the SGM.

## **GENERAL**

The Company has established the Listing Rules IBC, comprising all the independent non-executive Directors (namely Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian), to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, and as to the voting action therefor.

The Company has also established the Takeovers Code IBC, comprising two non-executive Directors (namely Mr. Duan Shi Chuan and Mr. Liang Feng) and all the independent non-executive Directors (namely Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian), to advise the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Mr. Wang Chen, a non-executive Director, being the son of the Subscriber, has been excluded from the Takeovers Code IBC due to his potential conflict of interests.

An independent financial adviser will also be appointed to advise the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver. Further announcement will be made by the Company upon appointment of the independent financial adviser as and when appropriate.

A SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate); and (ii) the Whitewash Waiver.

Shareholders who are (i) the Subscriber or his associates; (ii) any parties acting in concert with the Subscriber; or (iii) parties involved or interested in the Subscription or the Whitewash Waiver are required to abstain from voting on the relevant resolutions to approve the relevant transactions contemplated under the Subscription Agreement (including the Specific Mandate) and the Whitewash Waiver respectively, at the SGM.

The Subscriber and each of his respective associates shall abstain from voting on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver.

A circular containing, among other things, (i) details of the Subscription and the Whitewash Waiver; (ii) the recommendation of the Listing Rules IBC to the Independent Shareholders; (iii) the recommendation of the Takeovers Code IBC to the Independent Shareholders; (iv) the letter of advice from the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (v) a notice of the SGM, is expected to be despatched to the Shareholders within 15 business days (as defined under the GEM Listing Rules) from the date of this announcement pursuant to the GEM Listing Rules or 21 days from the date of this announcement pursuant to the Takeovers Code, whichever is earlier (i.e. no later than 21 January 2021).

**The Subscription Completion is subject to the fulfilment of a number of conditions precedent set out under the section headed “Conditions precedent” in this announcement, among others, the obtaining of the approval by the Independent Shareholders at the SGM of the Subscription and the transactions contemplated under the Subscription Agreement (including the Specific Mandate) and the granting of the Whitewash Waiver by the Executive. Accordingly, the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

**As at the date of this announcement, each of the Company and the Subscriber does not believe that the Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). If a concern should arise after the release of this announcement, the Company and the Subscriber will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of the Directors
“Business Day”	means a day (other than a Saturday, Sunday, or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Convertible Bonds”	the zero coupon convertible bonds due 9 December 2020 with an outstanding principal amount of HK\$21,238,440 as at the date of this announcement
“Company”	China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on the GEM (Stock Code: 8270)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Independent Shareholders”	Shareholders other than (i) the Subscriber or his associates; (ii) any parties acting in concert with the Subscriber (including but not limited to Jumbo Lane Investments Limited); or (iii) parties involved or interested in the Subscription or the Whitewash Waiver
“Last Trading Day”	31 December 2020, being the last trading day for the Shares prior to the release of this announcement
“Listing Rules IBC”	the independent board committee of the Company comprising all the independent non-executive Director formed under the GEM Listing Rules for the purpose of giving a recommendation to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, and as to the voting action therefor
“Loan”	the outstanding loan owed by the Company to the Subscriber in the amount of HK\$21,238,440 as a result of the Convertible Bonds having become matured and due on 9 December 2020
“Options”	the outstanding options granted under the Share Option Scheme
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 18 May 2011

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Subscription Shares
“Subscriber”	Mr. Wang Zhong Sheng, the Chairman and executive Director of the Company
“Subscription”	the subscription of the Subscription Shares at the Subscription Price by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 31 December 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Price”	approximately HK\$0.028 per Subscription Share
“Subscription Share(s)”	758,515,714 Shares to be issued by the Company to the Subscriber pursuant to the Subscription
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC
“Takeovers Code IBC”	the independent board committee of the Company comprising all the non-executive Directors (excluding Mr. Wang Chen) formed for the purpose of giving a recommendation to the Independent Shareholders in respect of the fairness and reasonableness of the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor under Rule 2.1 of the Takeovers Code



“Whitewash Waiver”

the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber to make a general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with him which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement

By order of the Board  
**China CBM Group Company Limited**  
**Wang Zhong Sheng**  
*Chairman*

Hong Kong, 31 December 2020

*As at the date of this announcement, the executive Directors are Mr. Wang Zhong Sheng and Mr. Chang Jian, the non-executive Directors are Mr. Duan Shi Chuan, Mr. Wang Chen and Mr. Liang Feng and the independent non-executive Directors are Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Subscriber and parties acting in concert with him) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The Subscriber accepts full responsibility for the accuracy of the information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*