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China Leason CBM & Shale Gas Group Company Limited **中國聯盛煤層氣頁岩氣產業集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08270)

ARRANGER AGREEMENT IN RESPECT OF THE PROPOSED ISSUE OF UNLISTED NOTES BY THE COMPANY

This announcement is made by the Company pursuant to the Inside Information Provision under Part XIVA of the SFO and Rule 17.10 of the GEM Listing Rules.

The Board announces that on 15 April 2014 (after trading hours), the Company and the Arranger entered into the Arranger Agreement pursuant to which the Company conditionally agrees to appoint the Arranger as the sole arranger of the Proposed Notes Issue during the period from the date of Arranger Agreement up to the date of Completion or 14 May 2014 (whichever is earlier) to procure, on a best effort basis, Investors to subscribe for the Notes for an aggregate principal amount of up to HK\$51 million at the issue price of 100% of the principal amount of the Notes. Upon successful procurement of the Investors by the Arranger, a Subscription Agreement will be entered into between the Company as issuer and each Investor as subscriber in respect of the Proposed Notes Issue.

The entering into of the Subscription Agreement(s) and the Proposed Notes Issue are subject to market conditions and investors' interest. Accordingly, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

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THE ARRANGER AGREEMENT

The Board announces that on 15 April 2014 (after trading hours), the Company and the Arranger entered into the Arranger Agreement pursuant to which the Company conditionally agrees to appoint the Arranger as the sole arranger of the Proposed Notes Issue during the period from the date of Arranger Agreement up to the date of Completion or 14 May 2014 (whichever is earlier) to procure, on a best effort basis, Investors to subscribe for the Notes for an aggregate principal amount of up to HK\$51 million at the issue price of 100% of the principal amount of the Notes.

Notes

Principal Terms of the Notes

Issuer :	The Company
Maturity Date :	The date falling the first anniversary of the issue date of the Notes
Interest:	10% per annum (on the basis of a 365 day year) on the outstanding principal amount of the Notes, payable in arrears by the Company on the Maturity Date
Redemption:	The Company shall, on the Maturity Date, redeem each Note at a value equal to the aggregate of (i) the principal amount outstanding under each Note; (ii) all interest accrued thereon up to and including the date of actual repayment
Early redemption at the option of the Company:	The Company may at any time, having given not less than 7 business days' notice to any noteholder, redeem the Notes (in whole or in part) held by such noteholder at an amount equal to the aggregate of (i) the principal amount outstanding under such Note being redeemed; and (ii) all interest accrued thereon up to and including the date of actual repayment
Transferability:	The Notes are not transferable

The Notes will be unsecured and unlisted. No listing application will be made for the listing of the Notes on the Stock Exchange or any other stock exchange.

Conditions precedent to the Arranger Agreement

The obligations of the Company and the Arranger under the Arranger Agreement are conditional upon:

- (a) each of the Company and the Arranger having obtained all necessary consents, approvals, authorisations and licences in respect of the Arranger Agreement and the transactions contemplated thereunder;
- (b) if necessary, all other necessary consents, approval, authorisations and licenses for the issue of the Notes having been obtained; and
- (c) the Company, as a company whose shares are listed on GEM, having obtained all the necessary and appropriate consents, authorisations and approvals in relation to the Arranger Agreement and the transactions contemplated thereunder (including but not limited to the approval by its board of directors or shareholders' approval at a general meeting, where required).

If any of the above conditions is not fulfilled at or before 5:00 p.m. (Hong Kong time) on 14 May 2014 or such later time or date as may be agreed between the Arranger and the Company in writing, the Arranger may, at any time thereafter, terminate its obligations under the Arranger Agreement by notice in writing to the Company, whereupon the obligations of the Arranger under the Arranger Agreement shall forthwith cease and terminate and neither the Company nor the Arranger shall have any claim against any of the others, save for any antecedent breach hereof.

Proposed Subscription Agreements

Upon successful procurement of the Investors by the Arranger, a Subscription Agreement will be entered into between the Company as issuer and each Investor as subscriber in respect of the Proposed Notes Issue. Further announcement(s) in respect of the Proposed Notes Issue will be made by the Company should the Subscription Agreement(s) in respect of the Proposed Notes Issue be signed or as and when necessary.

REASONS AND BENEFITS FOR THE ARRANGER AGREEMENT AND THE PROPOSED NOTES ISSUE

The Group is principally engaged in the businesses of liquefied coalbed gas sales and piped natural gas and gas supply connection services.

The Board considers that the Proposed Notes Issue, if materialise, could financing the working capital requirements of the Group and enhance the liquidity position for its future business developments.

The Board is of the view that the terms of the Arranger Agreement are fair and reasonable and the entering into of the Arranger Agreement and the Proposed Notes Issue is beneficial to and in the interests of the Company and the Shareholders as a whole.

The entering into of the Subscription Agreement(s) and the Proposed Notes Issue are subject to market conditions and investors' interest. Accordingly, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Arranger”	Kingsway Financial Services Group Limited, a licensed corporation to carry out Type 1, Type 2, Type 4 and Type 9 regulated activities for the purpose of the SFO
“Arranger Agreement”	the arranger agreement dated 15 April 2014 and entered into between the Company and the Arranger in respect of the Proposed Notes Issue
“Board”	the board of Directors
“Company”	China Leason CBM & Shale Gas Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange
“Completion”	Completion of the issuance of the Notes upon the performance by the parties to the Subscription Agreement of their respective obligations thereunder
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Notes
“Investor(s)”	any independent persons or entities to whom the Arranger or its agents shall procure or, as the case may be, shall have procured to subscribe for the Notes
“Note(s)”	the 10% unsecured and unlisted fixed rate notes of an aggregate principal amount of up to HK\$51 million to be created by the Instrument and for the time being outstanding or, as the context may require, any part of the principal amount
“Proposed Notes Issue”	the proposed issue of the Notes
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement(s)”	in relation to each Investor, the proposed agreement for the subscription by the Investor of all or any part of the Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
China Leason CBM & Shale Gas Group Company Limited
Wang Zhong Sheng
Chairman

Hong Kong, 15 April 2014

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang and Mr. Fu Shou Gang; the non-executive Director is Mr. Kwok Shun Tim and the independent non-executive Directors are Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He.

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.