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**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: 08270)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**THE ACQUISITION**

The Board is pleased to announce that on 12 October 2015 (after trading hours), Shanxi Yangcheng (a wholly owned subsidiary of the Company) as purchaser and Mr. Wang as vendor entered into the Agreement, pursuant to which Shanxi Yangcheng has conditionally agreed to purchase and Mr. Wang has conditionally agreed to dispose of the Sale Interest at a total consideration of RMB50,300,000 (equivalent to approximately HK\$61,396,180).

The total consideration of the Acquisition shall be satisfied by Shanxi Yangcheng in the following manners:

- (i) as to RMB32,899,999.88 (equivalent to approximately HK\$40,157,739.85) by way of allotment and issue of 178,004,166 Consideration Shares, credited as fully paid, at an issue price of approximately HK\$0.2256 per Consideration Share to Mr. Wang at Completion; and
- (ii) as to RMB17,400,000.12 (equivalent to approximately HK\$21,238,440) by way of issue of the Convertible Bond in the principal amount of HK\$21,238,440 convertible up to 94,142,021 Conversion Shares upon the exercise of the Conversion Rights attached to the Convertible Bond at a conversion price of HK\$0.2256 per Conversion Share to Mr. Wang at Completion.

The Consideration Shares represent (i) approximately 15.59% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 13.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion); and (iii) approximately 12.59% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion).

The Conversion Shares represent (i) approximately 8.25% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion).

The aggregate of the Consideration Shares and the Conversion Shares represent (i) approximately 23.84% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion).

The Consideration Shares and the Conversion Shares will be allotted and issued under the Specific Mandate.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

#### **GEM LISTING RULES IMPLICATION**

Since the relevant applicable percentage ratio calculated in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Mr. Wang is the executive Director and he directly and indirectly holds approximately 18.97% of the entire issued share capital of the Company and therefore is a substantial Shareholder within the meaning of the GEM Listing Rules. As such, Mr. Wang is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

A circular containing inter alia, (i) further details of the Acquisition; (ii) the recommendation of the independent board committee to the Independent Shareholders; (iii) the letter from an independent financial advisor to both the Independent Board Committee and the Independent Shareholders; and (iv) the notice of EGM, will be despatched to the Shareholders on or before 31 October 2015 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## **THE AGREEMENT**

**Date:** 12 October 2015 (after trading hours)

**Parties:**

- (i) Shanxi Yangcheng as purchaser; and
- (ii) Mr. Wang as vendor

Shanxi Yangcheng is a wholly owned subsidiary of the Company established in the PRC with limited liability which is principally engaged in the processing, storage and transportation of natural gas in the PRC.

Mr. Wang is the executive Director and he directly and indirectly holds approximately 18.97% of the entire issued share capital of the Company. Mr. Wang also holds the Sale Interest, being the entire equity interest in the Target Company. As such, Mr. Wang is a connected person of the Company.

### **Assets to be acquired**

Pursuant to the Agreement, Shanxi Yangcheng has conditionally agreed to purchase and Mr. Wang has conditionally agreed to dispose of the Sale Interest.

Further information on the Target Company is set out in the paragraph headed “Information on the Target Company” below.

### **Consideration**

Pursuant to the terms of the Agreement, the total consideration of the Acquisition is RMB50,300,000 (equivalent to approximately HK\$61,396,180), which shall be satisfied by Shanxi Yangcheng in the following manners:

- (i) as to RMB32,899,999.88 (equivalent to approximately HK\$40,157,739.85) by way of allotment and issue of 178,004,166 Consideration Shares, credited as fully paid, at an issue price of approximately HK\$0.2256 per Consideration Share to Mr. Wang at Completion; and
- (ii) as to RMB17,400,000.12 (equivalent to approximately HK\$21,238,440) by way of issue of the Convertible Bond in the principal amount of HK\$21,238,440 convertible up to 94,142,021 Conversion Shares upon the exercise of the Conversion Rights at a Conversion Price of HK\$0.2256 per Conversion Share to Mr. Wang at Completion.

The total consideration of the Acquisition was determined after arm's length negotiations between Shanxi Yangcheng and Mr. Wang after taking into account (i) the registered capital of the Target Company; (ii) the market value of the PRC Properties and the land use right of the PRC Land; and (iii) the business opportunities to and potential benefits of the Acquisition as detailed in the paragraph headed "Reasons for and benefits of the Acquisition" below.

After the full payment of the total consideration of the Acquisition, Mr. Wang will cooperate with Shanxi Yangcheng to arrange for the transfer of the Sale Interest to Shanxi Yangcheng and the necessary filing and registration procedures in the PRC.

### **Further information on the Consideration Shares**

The issue price of the Consideration Shares (i.e. HK\$0.2256) represents:

- (a) a discount of approximately 1.05% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on 9 October 2015, being the Last Trading Day of the Shares prior to the date of the Agreement;
- (b) an equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days up to and including the Last Trading Day of HK\$0.2256 per Share;
- (c) a discount of approximately 1.44% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive full trading days up to and including Last Trading Day of HK\$0.2289 per Share; and
- (d) a discount of approximately 71.04% to the net assets value per Share of approximately HK\$0.779 based on the audited consolidated net assets value attributable to the Shareholders as at 31 December 2014.

The Consideration Shares represent (i) approximately 15.59% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion); and (iii) approximately 12.59% of the share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change to the share capital of the Company from the date of this announcement and up to Completion).

## Principal terms of the Convertible Bond

Set out below is a summary of the principal terms of the Convertible Bond:

Issuer	:	The Company
Principal amount:	:	The face value of HK\$21,238,440
Subscription price of the Convertible Bond	:	The subscription price of the Convertible Bond is HK\$21,238,440, being the total principal amount of the Convertible Bond.
Maturity Date	:	The fifth anniversary of the date of issue of the Convertible Bond.
Interest	:	The Convertible Bond shall bear no interest.
Conversion Price	:	HK\$0.2256 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bond.

The initial Conversion Price of HK\$0.2256 per Conversion Share represents:

- (i) a discount of approximately 1.05% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on 9 October 2015, being the Last Trading Day of the Shares prior to the date of the Agreement;
- (ii) an equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive full trading days up to and including the Last Trading Day of HK\$0.2256 per Share; and
- (iii) a discount of approximately 1.44% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive full trading days up to and including Last Trading Day of HK\$0.2289 per Share.

The Conversion Price was determined after arm's length negotiations between the Company and Mr. Wang, with reference to the recent performance of the Shares, the prevailing market price of the Shares and the Group's existing financial position and current market conditions.

The Directors (excluding the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Acquisition after being advised by the independent financial adviser to be appointed) is of the view that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned, and the Conversion Price is in the interest of the Company and the Independent Shareholders as a whole.

- Adjustment events : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events, including but not limited to the followings:
- (i) consolidation or subdivision of Shares;
  - (ii) capitalization of profits or reserves;
  - (iii) capital distribution; and
  - (iv) issue wholly for cash any Shares at a price per Share which is less than 90% of the then market price of the Shares.
- Conversion Shares : Based on the initial Conversion Price of HK\$0.2256 (assuming that the Conversion Shares are converted in full and there is no other change to the issued share capital of the Company; apart from the allotment and issue of the Consideration Shares, from the date of this announcement and up to Completion), a maximum number of up to 94,142,021 Conversion Shares shall be allotted and issued upon exercise in full of the Conversion Rights.

Conversion Period : The period commencing from the date of issue of the Convertible Bond and ending on the Maturity Date.

Conversion Rights : Subject to, and upon compliance with, the conditions of the instrument governing the Convertible Bond and provided that any conversion of the Convertible Bond (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the Conversion Rights and party(ies) acting in concert (as defined under the Takeovers Code) with it; and (ii) will not cause the public float of the Company being unable to meet the requirement under the Listing Rules, the Conversion Rights may be exercised by the Bondholder at any time during the Conversion Period in amounts not less than a whole multiple of HK\$500,000 on such conversion, save that if at any time the entire principal amount or the outstanding principal amount of the Bond held by a Bondholder is less than HK\$500,000, or if a Bondholder intends to exercise the Conversion Rights attached to the entire principal amount of all the Bonds held by him, the Bondholder may convert the whole (but not part only) of the such outstanding principal amount of the Bonds.

No fraction of a Share shall be issued on conversion and in lieu thereof the Company shall pay a cash amount equal to such amount of the Convertible Bond that is not converted.

Conversion restrictions : The Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights:

- (i) the holder of the Convertible Bond and parties acting in concert with it will trigger a mandatory offer obligation under the Takeovers Code; and
- (ii) less than 25% or the minimum prescribed percentage as set out in the Listing Rules of the Company's issued shares would be held by the public immediately after the relevant exercise of such Conversion Rights.

Redemption : The Company may at any time before the Maturity Date, by giving not less than 2 Business Days' notice to the Bondholders, redeem all or part of the outstanding Convertible Bond.

Unless previously redeemed, converted or cancelled as provided herein, the Company will redeem the outstanding principal amount of the Convertible Bond on the Maturity Date at such outstanding principal amount.

Status and ranking : The obligations of the Company arising under the Convertible Bond constitute general, direct, unsubordinated, unconditional and unsecured obligations of the Company, and rank pari passu among themselves and at least pari passu in right of payment with all other present and future unsecured obligations of the Company.

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

Voting rights : The Bondholder will not be entitled to vote at any meetings of the Company by reason only of it being the holder of the Convertible Bond.

Transferability : The Convertible Bond may be transferred to any person with the Company's consent provided that such transfer shall comply with the Listing Rules, the Takeovers Code and any other relevant laws and regulations.

Application for listing : No application will be made by the Company to the Stock Exchange for listing of the Convertible Bond.

The Conversion Shares represent (i) approximately 8.25% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion).

The Consideration Shares and the Conversion Shares will be issued under the Specific Mandate.



The aggregate of the Consideration Shares and the Conversion Shares represent (i) approximately 23.84% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement and up to Completion).

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares. The Consideration Shares and the Conversion Shares to be allotted and issued shall rank pari passu among themselves and with all Shares in issue on the Completion Date.

### **Conditions precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (i) all necessary consents and approvals required to be obtained on the part of Mr. Wang in respect of the sale and purchase of the Sale Interest having been obtained;
- (ii) all necessary consents and approvals required to be obtained on the part of Shanxi Yangcheng in respect of the sale and purchase of the Sale Interest having been obtained;
- (iii) no events have occurred that would result in any breach of any of the warranties or other obligations of Mr. Wang pursuant to the Agreement;
- (iv) the Independent Shareholders having approved the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares and the Conversion Shares at the EGM by resolution;
- (v) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;
- (vi) the obtaining of a PRC legal opinion (in the form and substance satisfactory to Shanxi Yangcheng) issued by a PRC legal adviser appointed by Shanxi Yangcheng on the Target Company (including but not limited to the transactions contemplated under the Agreement and due incorporation and continuance of the Target Company);

- (vii) the obtaining of a valuation report (in the form and substance satisfactory to Shanxi Yangcheng) issued by a qualified valuer appointed by Shanxi Yangcheng showing that the market value of the PRC Properties and the land use right of the PRC Land shall not be less than RMB50,300,000; and
- (viii) Shanxi Yangcheng being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Company.

Shanxi Yangcheng may at any time waive in writing conditions (iii) and (viii) above in whole or in part. The Conditions (i), (ii), (iv), (v), (vi) and (vii) above are incapable of being waived.

If any of the conditions above have not been fulfilled by 31 December 2015 (or such later date as agreed by Shanxi Yangcheng and Mr. Wang), the Agreement shall thereupon terminate and neither party shall have any further claims against each other under the Agreement for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims.

### **Completion**

Completion shall take place on the third Business Day after all the conditions of the Agreement have been fulfilled or waived (as the case may be) or such other date as may be agreed between Shanxi Yangcheng and Mr. Wang.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC on 23 October 2007 with limited liability and is principally engaged in the manufacture of construction machinery and metal parts for construction use. As at the date of this announcement, the entire equity interest in the Target Company is wholly owned by Mr. Wang.

The Target Company owns the PRC Properties with an aggregate gross floor area of 18,161.04 square meters, and the land use right of the PRC Land with a total land use area of 73,467 square meters which are currently used by the Target Company as its production plant and office.

Set out below is the audited financial information of the Target Company for the year ended 31 December 2013 and the year ended 31 December 2014 and the unaudited management accounts of the Target Company for the period from 1 January 2015 to 30 September 2015 prepared in accordance with PRC GAAP:

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2014</b>	<b>For the period from 1 January 2015 to 30 September 2015</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Net loss before taxation	1,156,000	3,266,000	1,091,000
Net loss after taxation	1,156,000	3,266,000	1,091,000
	<b>As at 31 December 2013</b>	<b>As at 31 December 2014</b>	<b>As at 30 September 2015</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Net assets	33,403,000	30,137,000	29,046,000

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the business of exploitation, liquefaction production and sales of natural gas in the PRC. Headquartered in Beijing.

The Board believes that the Acquisition is in line with the development strategy of the Group and can create long-term and strategic interests for the Group. In view of the increasing domestic demand for clean energy, the goal of the Group is to turn itself into a vertically integrated natural gas producer and develop a complete value chain in nature gas business. Since July 2011, the Group has made significant investment in resources exploration and exploitation at the coalbed methane blocks located in Yangcheng, Shanxi Province, the PRC. In consideration of the strength of the Target Company, including but not limited to (i) the comprehensive experience in construction of machinery and gas pipeline (ii) the developed and ready on hand plant and equipment and (iii) closely collaboration with the upstream development team of the Group, the Board believes that the Acquisition will be beneficial to the Company in fully realizing the synergies among its business by applying the experience and capabilities of the Target Company in the relevant areas.

The Directors (excluding the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Acquisition after being advised by the independent financial adviser to be appointed) is of the view that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interest of the Company and the Independent Shareholders as a whole.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares (assuming that there is no other change in the issued share capital of the Company; and (iii) immediately after the allotment and issue of the Consideration Shares and the Conversion Shares (assuming that there is no other change in the issued share capital of the Company):

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares (assuming no Conversion Shares have been allotted and issued)		Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares (assuming all the Conversion Shares have been allotted and issued upon exercise of the Conversion Rights)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Wang and his associate(s) <i>(Note 1)</i>	216,560,567	18.97	394,564,733	29.90	488,706,754	34.57 <i>(Note 2)</i>
Other public shareholders	924,919,801	81.03	924,919,801	70.10	924,919,801	65.43
<b>Total:</b>	<b>1,141,480,368</b>	<b>100.00</b>	<b>1,319,484,534</b>	<b>100.00</b>	<b>1,413,626,555</b>	<b>100.00</b>

### Notes:

- Mr. Wang directly holds 198,442,067 Shares and indirectly holds the remaining 18,118,500 Shares via Jumbo Lane Investments Limited which is wholly owned by Mr. Wang.
- Pursuant to the terms and conditions of the Convertible Bond, the Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights the holder of the Convertible Bond and parties acting in concert with it will trigger a mandatory offer obligation under the Takeovers Code. Thus, the scenario with the shareholding of Mr. Wang and his associates over 30% is only for illustration purpose and it will not happen.

## **IMPLICATION OF THE ACQUISITION UNDER THE GEM LISTING RULES**

Since the relevant applicable percentage ratio calculated in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Mr. Wang is the executive Director and he directly and indirectly holds approximately 18.97% of the entire issued share capital of the Company and therefore is a substantial shareholder of the Company within the meaning of the GEM Listing Rules. As such, Mr. Wang is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Mr. Wang and his associates are required to abstain from voting in respect of the resolution(s) approving the Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and the Conversion Shares) at the EGM. Save for the aforesaid and to the best knowledge of the Company, as at the date of this announcement, no other Shareholder has material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares and the Conversion Shares) at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He, has been established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **GENERAL**

A circular containing inter alia, (i) further details of the Acquisition; (ii) the recommendation of the independent board committee to the Independent Shareholders; (iii) the letter from an independent financial advisor to both the Independent Board Committee and the Independent Shareholders; and (iv) the notice of EGM, will be despatched to the Shareholders on or before 31 October 2015 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition by Shanxi Yangcheng of the Sale Interest from Mr. Wang pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 12 October 2015 and entered into between Shanxi Yangcheng and Mr. Wang in relation to the Acquisition
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the third Business Day after the conditions precedent in the Agreement are fulfilled or waived (as the case may be) or such other date as the parties to the Agreement shall agree
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration Shares”	178,004,166 new Shares to be allotted and issued to Mr. Wang to settle part of the total consideration of the Acquisition at Completion, which will rank pari passu in all respects with all other Shares in issue as at the Completion Date

“Convertible Bond”	the convertible bond in the principal amount of HK\$21,238,440 to be issued by the Company convertible up to 94,142,021 Conversion Shares at the Conversion Price
“Conversion Period”	the period commencing from the date of issue of the Convertible Bond and ending on the Maturity Date
“Conversion Price”	HK\$0.2256 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bond
“Conversion Rights”	the rights attached to the Convertible Bond to convert the same or a part thereof into Conversion Shares
“Conversion Share(s)”	up to 94,142,021 new Shares to be allotted and issued by the Company upon exercise in full of the Conversion Rights
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares and the Conversion Shares)
“GEM”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He, established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder

“Independent Shareholder(s)”	Shareholder(s) other than Mr. Wang and his associates and all other Shareholders who has a material interest in the Agreement and the transactions contemplated thereunder
“Last Trading Day”	9 October 2015, being the trading date immediately prior to the date of the Agreement
“Maturity Date”	the fifth anniversary of the date of issue of the Convertible Bond
“Mr. Wang”	Mr. Wang Zhong Sheng, an executive Director and a substantial Shareholder within the meaning of the GEM Listing Rules who also holds the entire equity interest in the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Properties”	the four properties situate at Water Buffalo Shop, Shanglin Village, Xian County, Cangzhou City, Hebei Province, the PRC
“PRC Land”	a piece of land situated at the eastern section of the National Highway 106 (previously the Shanglin Brickfield) (106國道東側、原商林磚廠)
“Sale Interest”	100% equity interest in the Target Company which is held by Mr. Wang
“Shanxi Yangcheng”	山西陽城順泰能源發展有限公司 (Shanxi Province Yangcheng County Shuntai Energy Development Co., Ltd), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares



“Specific Mandate”	the specific mandate proposed to be granted by the Independent Shareholders to the Board to allot, issue and deal with the Consideration Shares and the Conversion Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buyback issued by the Securities and Futures Commission of Hong Kong
“Target Company”	諾信(獻縣)機械工程材料有限公司 (Nuoxin (Xian County) Engineering Materials Company Limited*), a company established in the PRC with limited liability and is wholly owned by Mr. Wang
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.2206. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.*

*\* For identification purposes only*

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

Hong Kong, 12 October 2015

*As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng and Mr. Fu Shou Gang, and the independent non-executive Directors are Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He.*