

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.

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)

**ANNOUNCEMENT ON PRODUCT TRANSFER FROM LNG TO
LIQUEFIED A-CLASS AIR IN RESPONSE TO MARKET DEMAND**

The Company is of the view that the public has a strong demand for fresh air as foggy atmospheric conditions have affected their lives in Mainland China. In 2016, the Group conducted an in-depth R&D and market demonstration on automotive and household bottled liquefied A-class air technology. The Group's target cities are Beijing, Tianjin, Zhengzhou and Shijiazhuang, and the total number of vehicles in such places amounts to approximately 7.5 million. Based on the estimated production capacity of 山西沁水順泰能源發展有限公司 (Shanxi Qinshui Shuntai Energy Development Company Limited) (hereinafter referred to as "Shuntai"), a wholly-owned subsidiary of the Group, the Group will only be able to meet 1.9% demand of the targeted cities. As such, the Group believes that the bottled liquefied A-class air business has a huge development potential. The Group had conducted product transfer test for the existing liquefied coalbed gas equipment till October 2016 and confirmed that the liquefied coalbed gas production equipment of Shuntai can fully meet the demand of the production of liquefied A-class air after appropriate transformation and process adjustment. Shuntai has suspended its production of liquefied coalbed gas as at 20 February 2017 for a comprehensive process adjustment and certain equipment transformation of liquefied coalbed gas equipment. It is expected to be fully completed and put into production of liquefied A-class air in June 2017. Although the suspension of the liquefied coalbed gas business will affect the Group's short-term cash flow, there is still sufficient fund for the Group's operations.

By order of the Board
China CBM Group Company Limited
WANG ZHONG SHENG
Chairman

Hong Kong, 8 March 2017

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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited 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.