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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: 8270)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of the Company dated 4 November 2019 (the “**Announcement**”) in relation to, among others, the Finance Lease Arrangement. Unless the context requires otherwise, capitalized terms used herein shall bear the same meanings as defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company wishes to provide its Shareholders and the public with the following additional information.

Whilst Qinshui Energy had conducted similar finance lease arrangements with CIMC before, the relevant staff at Qinshui Energy handling the Finance Lease Agreement was not involved in such previous transactions. As such, at the time of the entering into of the Finance Lease Agreement, Qinshui Energy was in the opinion that such Finance Lease Agreement was a normal commercial finance agreement on normal commercial terms and Qinshui Energy did not draw the attention of the Directors to the implication of such transaction under the GEM Listing Rules particularly. This causes the delay in publication of the Announcement. The Company considers that the delay in publication of the Announcement constitutes non-compliance to Rule 19.34 of the GEM Listing Rules.

The Finance Lease Agreement has become effective from the date thereof and the transfer of legal title of the Equipment to CIMC has been completed accordingly. Upon learning that the Finance Lease Agreement might constitute a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules, the Company has communicated with CIMC and confirms that in the event of the Shareholders not passing the relevant resolution(s) at the SGM to ratify the Finance Lease Agreement, the Group is required to refund the contract sum received in full together with payment of interests, respective parties shall cancel the asset pledge and terminate the Finance Lease Arrangement, and there are no penalties imposed by CIMC on the Group. As such, the Company considers that the Finance Lease Agreement did not fully comply with Rule 19.40 of the GEM Listing Rules.

Upon learning the incident, the Board has directed the management of the Company's subsidiaries to review all relevant transactions to ensure compliance with the relevant internal control procedures and the GEM Listing Rules. The Group has conducted internal review and confirmed that all relevant financing transactions (save and except for the Finance Lease Arrangement) comply with the relevant internal control procedures and the GEM Listing Rules. The Company has also reminded Qinshui Energy and its staff on the relevant GEM Listing Rules compliance requirements, in particular on Chapters 19 and 20 of the GEM Listing Rules. Compliance training has also been conducted by the Company to staff of Qinshui Energy to strengthen their understanding on the GEM Listing Rules to avoid occurrence of similar events in the future.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CIMC is a wholly-owned subsidiary of China Investment Marine Containers (Group) Co., Ltd (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on 14 January 1980 and listed on the Shenzhen Stock Exchange (stock code: 000039) and the Stock Exchange (stock code: 2039).

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

Hong Kong, 21 November 2019

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng and Mr. Chang Jian, the non-executive Directors are Mr. Wang Chen, Mr. Liang Feng and Mr. Wu Kun, and the independent non-executive Directors are Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian.

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 GEM of the Stock Exchange 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.