

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

**If you have sold or transferred** all your shares in China Leason CBM & Shale Gas Group Company Limited (the “**Company**”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

---

**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)**

**PROPOSED CHANGE OF DOMICILE**  
**PROPOSED CHANGE OF COMPANY NAME**  
**PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT**  
**PROPOSED CAPITAL REORGANISATION**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

---

Terms used in this cover page have the same meanings as defined in this circular.

A notice of EGM to be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, PRC on 9 April 2014 (Wednesday) at 9:00 a.m. is set out on pages 40 to 43 of this circular. A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at \* 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjournment thereof should you so wish. In that event, the form of proxy will be deemed to have been revoked.

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

\* The address of Tricor Tengis Limited will be changed to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014.

---

## CHARACTERISTICS OF GEM

---

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

---

## CONTENTS

---

	<i>Page</i>
<b>CHARACTERISTICS OF GEM .....</b>	<b>i</b>
<b>DEFINITIONS .....</b>	<b>1</b>
<b>EXPECTED TIMETABLE .....</b>	<b>4</b>
<b>LETTER FROM THE BOARD .....</b>	<b>6</b>
<b>APPENDIX — SUMMARY OF THE PROPOSED MEMORANDUM OF CONTINUANCE AND BYE-LAWS AND DIFFERENCES WITH THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION .....</b>	<b>18</b>
<b>NOTICE OF THE EGM .....</b>	<b>40</b>

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:*

“2013 3Q Report”	the quarterly report of the Company dated 13 November 2013 for the nine months ended 30 September 2013
“2013 Interim Report”	the interim report of the Company dated 14 August 2013 for the six months ended 30 June 2013
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Bye-laws”	the bye-laws proposed to be adopted by the Company at the EGM
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation and the Capital Reduction
“Cancellation of Share Premium Account”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
“CBM”	coalbed methane
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Change of Company Name”	the proposed change of the English name of the Company from “China Leason CBM & Shale Gas Group Company Limited” to “China CBM Group Company Limited” and the Chinese name of the Company from “中國聯盛煤層氣頁岩氣產業集團有限公司” to “中國煤層氣集團有限公司”
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda
“Companies Act”	the Companies Act 1981 of Bermuda

---

## DEFINITIONS

---

“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands
“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
“Consolidated Share(s)”	issued ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held on 9 April 2014 (Wednesday) for the Shareholders to consider and, if thought fit, to approve the Change of Domicile, the Change of Company Name, the Cancellation of Share Premium Account and the Capital Reorganisation
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital 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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	14 March 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“Open Offer”	open offer of the Company as detailed in the prospectus of the Company dated 15 January 2014

---

## DEFINITIONS

---

“Share Consolidation”	the proposed consolidation of every 10 issued Existing Shares into one issued Consolidated Share
“Share Options”	the outstanding share options granted under the share option scheme of the Company
“Shareholder(s)”	holder(s) of the Existing Share(s), Consolidated Share(s), and/or New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

---

## EXPECTED TIMETABLE

---

The expected timetable for implementation of the Change of Domicile, the Cancellation of Share Premium Account and the Capital Reorganisation is set out below. This timetable is indicative only and may be varied due to additional time required for compliance with regulatory requirements in the Cayman Islands or Bermuda. Shareholders will be informed of any significant changes to the expected timetable by announcement.

(Hong Kong time)

Latest time for lodging the form of proxy for the EGM ..... 9:00 a.m.  
Monday, 7 April 2014

Latest time for lodging transfer of Existing Shares  
in order to be qualified for the attendance of the EGM ..... 4:30 p.m.  
Monday, 7 April 2014

Register of members closes (both day inclusive) ..... from Tuesday, 8 April 2014  
to Wednesday, 9 April 2014

EGM ..... 9:00 a.m.  
Wednesday, 9 April 2014

Publication of announcement of results of the EGM ..... Wednesday, 9 April 2014

**The following events are conditional on the fulfilment of the conditions for the implementation of the Change of Domicile, the Cancellation of Share Premium Account and the Capital Reorganisation:**

(Hong Kong time unless otherwise specified)

Effective date of the Cancellation  
of Share Premium Account ..... Wednesday, 9 April 2014

Effective date of the Change of Domicile ..... Wednesday, 23 April 2014  
(Bermuda time)

Effective date of the Capital Reorganisation ..... Monday, 12 May 2014

First day of free exchange of certificates of Existing Shares  
into new certificates for New Shares ..... 9:00 a.m.  
Monday, 12 May 2014

Commencement of dealings in New Shares ..... 9:00 a.m.  
Monday, 12 May 2014

---

## EXPECTED TIMETABLE

---

Original counter for trading in Existing Shares in board lots of 10,000 shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. Monday, 12 May 2014
Temporary counter for trading in New Shares in board lots of 1,000 New Shares (in the form of existing share certificates) opens .....	9:00 a.m. Monday, 12 May 2014
Original counter for trading in New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens .....	9:00 a.m. Monday, 26 May 2014
Parallel trading (in the form of new and existing certificates) commences .....	9:00 a.m. Monday, 26 May 2014
Designated broker starts to provide matching services for odd lots of New Shares .....	9:00 a.m. Monday, 26 May 2014
Temporary counter for trading in board lots of 1,000 New Shares (in form of existing share certificates) closes .....	4:00 p.m. Monday, 16 June 2014
Parallel trading in the New Shares (in the form of new and existing certificates) ends .....	4:00 p.m. Monday, 16 June 2014
Last day for the designated broker to provide matching services for odd lots of New Shares .....	4:00 p.m. Monday, 16 June 2014
Last day of free exchange of certificates of Existing Shares into new certificates for New Shares .....	Wednesday, 18 June 2014

Dates set out on the assumption that the Change of Domicile and the Capital Reorganisation will become effective in accordance with the timetable indicated above. All such dates will be subject to change depending on the actual effective dates of the Change of Domicile and the Capital Reorganisation. The Company will make further announcement if there are any changes to the timetable.



---

## LETTER FROM THE BOARD

---

# 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)

*Executive Directors:*

Mr. Wang Zhong Sheng (*Chairman*)

Mr. Shi Liang

Mr. Fu Shou Gang

Mr. Kwok Shun Tim

*Registered office:*

Cricket Square,

Hutchins Drive,

P.O. Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

*Independent Non-executive Directors:*

Mr. Luo Wei Kun

Ms. Pang Yuk Fong

Mr. Wang Zhi He

*Principal place of business in*

*Hong Kong:*

Room 910B, 9/F,

East Wing,

Tsim Sha Tsui Centre,

66 Mody Road,

Tsim Sha Tsui East,

Kowloon, Hong Kong

17 March 2014

*To Shareholders*

Dear Sirs or Madams,

**PROPOSED CHANGE OF DOMICILE  
PROPOSED CHANGE OF COMPANY NAME  
PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT  
AND  
PROPOSED CAPITAL REORGANISATION**

### INTRODUCTION

Reference is made to the announcement of the Company dated 3 March 2014 in relation to, the following proposals for approval by Shareholders at the EGM:

- to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda;

---

## LETTER FROM THE BOARD

---

- subject to the approval of the Registrar of Companies in Bermuda being obtained, to change the English name of the Company from “China Leason CBM & Shale Gas Group Company Limited” to “China CBM Group Company Limited” and the Chinese name of the Company from “中國聯盛煤層氣頁岩氣產業集團有限公司” to “中國煤層氣集團有限公司” upon the Change of Domicile and the Capital Reorganisation becoming effective;
- to cancel the share premium account and transfer credits arising from such cancellation to the contributed surplus account of the Company; and
- to implement the Capital Reorganisation upon the Change of Domicile becoming effective.

The purpose of this circular is to provide you with information regarding the above proposals and to give you notice of the EGM.

### **PROPOSED CHANGE OF DOMICILE**

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The Board also proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective, details of which are set out in the section headed “Proposed Capital Reorganisation” below.

#### **Effect of the Change of Domicile**

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company’s legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company into Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Existing Shares, any issue of new Existing Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect its listing status on the Stock Exchange.

#### **Adoption of Memorandum of Continuance and Bye-laws**

In connection with the Change of Domicile, it is proposed that a memorandum of continuance and the Bye-laws will be adopted by the Company to replace the existing memorandum of association of the Company and the Articles respectively in order to comply with Bermuda company law.

A summary of the proposed memorandum of continuance and the Bye-laws are set out in the appendix to this circular.

---

## LETTER FROM THE BOARD

---

Copies of (i) the existing memorandum of association of the Company and the Articles and (ii) the memorandum of continuance and the Bye-laws proposed to be adopted by the Company will be available for inspection at the principal place of business of the Company at Room 910B, 9th Floor, East Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui during normal business hours from the date of this circular up to and including the date of the EGM.

### **Reasons for the Change of Domicile**

If the Company proceeds with the Capital Reorganisation, which include, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required, which subject to the availability of the judge and the schedule of the court, can only be obtained in four to six months after the date of approval by the Shareholders. If the Capital Reorganisation will be effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through deregistration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after deregistration of the Company in the Cayman Islands and its continuation in Bermuda. The Board considers that it would save the Company's time for carrying out the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

The Board believes that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Change of Domicile**

The Change of Domicile is conditional upon:

- (a) the passing of the necessary special resolutions by the Shareholders at the EGM to approve the Change of Domicile and the adoption of the memorandum of continuance and the Bye-laws;
- (b) compliance with the relevant requirements under the GEM Listing Rules and the relevant legal procedures and requirements under the Cayman Islands laws and Bermuda laws in respect of the Change of Domicile; and
- (c) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile, if required.

The Change of Domicile is not conditional upon the Capital Reorganisation. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

### **PROPOSED CHANGE OF COMPANY NAME**

The Board proposes for the Shareholders' approval that subject to the approval of the Registrar of Companies in Bermuda being obtained, the English name of the Company be changed from "China Leason CBM & Shale Gas Group Company Limited" to "China CBM Group Company Limited" and the Chinese name of the Company from "中國聯盛煤層氣頁岩氣產業集團有限公司" to "中國煤層氣集團有限公司".

---

## LETTER FROM THE BOARD

---

### **Reasons for the Change of Company Name**

The Board considers that the Change of Company Name will better reflect and emphasise the business focus of the Group. The proposed new company name will provide the Company a better identification and strengthen the Company's corporate image. The Board believes that the Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

### **Conditions of the Change of Company Name**

The Change of Company Name will be subject to the following:

- (1) the Change of Domicile and the Capital Reorganisation becoming effective;
- (2) the passing of a special resolution by the Shareholders at the EGM to approve, among others, the Change of Company Name; and
- (3) the Registrar of Companies in the Bermuda approving the Change of Company Name.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date of registration as set out in the certificate of incorporation on change of name and the certificate of secondary name. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

### **Effects of Change of Company Name**

The Change of Company Name will not affect any rights of the holders of securities of the Company. All existing certificates of securities in issue bearing the present name of the Company shall, after the Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities. Once the Change of Company Name becomes effective, new share certificates will be issued only in the new company name.

Further announcement(s) will be made by the Company to inform the Shareholders of the effective date of the Change of Company Name and the new stock short name of the Company for trading of the shares of the Company on the Stock Exchange.

### **PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT**

The Board proposes to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to the existing contributed surplus account of the Company before the Change of Domicile. As at the Latest Practicable Date, the Company has a credit balance of approximately HK\$1,548,093,456 standing in its share premium account.

---

## LETTER FROM THE BOARD

---

The existing contributed surplus account of the Company, subject to the approval of the Shareholders at the EGM by way of special resolution, shall be the contributed surplus account of the Company within the meaning of the Companies Act effective upon the Change of Domicile.

### **Condition of the Cancellation of Share Premium Account**

The Cancellation of Share Premium Account is conditional upon the passing of a special resolution by the Shareholders at the EGM to approve the transfer to the existing contributed surplus account of the Company credits arising from the cancellation of the entire amount standing to the credit of the share premium account of the Company and that such contributed surplus account of the Company shall be the contributed surplus account of the Company within the meaning of the Companies Act effective upon the Change of Domicile.

### **Effect of Cancellation of Share Premium Account**

After the Cancellation of Share Premium Account, such credit will be transferred to the contributed surplus account of the Company. Under Bermuda law, the amount standing to the credit of the contributed surplus account is a distributable reserve and the Company may apply the contributed surplus in any manner as may be permitted under the Companies Act and the Bye-laws.

As at the Latest Practicable Date, the Board has not yet formulated any specific plan and policy for future distribution.

## **PROPOSED CAPITAL REORGANISATION**

The Company proposes to implement the Capital Reorganisation after the Change of Domicile becoming effective which involves the following:

### **(1) Proposed Share Consolidation**

The Board proposes to effect the Share Consolidation pursuant to which every 10 issued Existing Shares will be consolidated into one issued Consolidated Share and the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation.

### **(2) Proposed Capital Reduction**

- (a) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; and
- (b) the credit arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the reduction of the paid-up capital of the Company of HK\$85,613,433.2 will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

---

## LETTER FROM THE BOARD

---

### Effect of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$200,000,000 comprising 20,000,000,000 Existing Shares of HK\$0.01 each, of which 9,512,603,688 Existing Shares have been issued and fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$200,000,000 divided into 20,000,000,000 New Shares of HK\$0.01 each, of which 951,260,368 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$9,512,603.68 (assuming that no Existing Shares are issued from the date hereof until the effective date of the Capital Reorganisation). A credit of HK\$85,613,433.2 will arise as a result of the Capital Reduction. Such credit, together with any credit arising as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will be transferred to contributed surplus account of the Company which, together with the amount already in the contributed surplus account as a result of the Cancellation of Share Premium Account, will then be applied by the Board to set off against the accumulated losses of the Company in full on the date of the Capital Reorganisation becoming effective. The balance of the accumulated losses was approximately RMB250,641,000 as shown in the 2013 3Q Report. As at the Latest Practicable Date, the balance of share capital, share premium account and the existing contributed surplus account of the Company were HK\$95,126,036.00, HK\$1,548,093,456.00 and nil respectively.

Assuming no Existing Shares are issued from the date hereof until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective	Immediately after the Share Consolidation and Capital Reorganisation becoming effective
Authorised share capital	HK\$200,000,000	HK\$200,000,000	HK\$200,000,000
Par Value	HK\$0.01 per Existing Share	HK\$0.10 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares	20,000,000,000 Existing Shares	2,000,000,000 Consolidated Shares (Note)	20,000,000,000 New Shares
Amount of issued share capital	HK\$95,126,036.88	HK\$95,126,036.88	HK\$9,512,603.68
Number of issued shares	9,512,603,688 Existing Shares	951,260,368 Consolidated Shares	951,260,368 New Shares
Amount of unissued share capital	HK\$104,873,963.12	HK\$104,873,963.2 (Note)	HK\$190,487,396.32
Number of unissued shares	10,487,396,312 Existing Shares	1,048,739,632 Consolidated Shares (Note)	19,048,739,632 New Shares

*Note:*

Assuming consolidation of every 10 issued and unissued Existing Shares into one Consolidated Share.

---

## LETTER FROM THE BOARD

---

All New Shares will rank pari passu in all respects with each other.

As at the Latest Practicable Date, save for the Share Options entitling the holders thereof to subscribe for 321,190,740 Existing Shares, the Company has no other outstanding warrants, options or convertible securities.

Under Bermuda laws, the Directors may apply the contributed surplus in any manner permitted by the laws of Bermuda and the bye-laws of the Company.

### **Fractional entitlement to the New Shares**

Fractions of the New Shares, if any, arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (a) the Change of Domicile becoming effective;
- (b) the passing of the necessary special resolutions by the Shareholders approving the Capital Reorganisation at the EGM;
- (c) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options outstanding and to be granted under the share option scheme of the Company;
- (d) the compliance with the relevant procedures and requirements under the Bermuda laws and the GEM Listing Rules to effect the Capital Reorganisation; and
- (e) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

### **Reasons for the Capital Reorganisation**

The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future. Further, the credit in the contributed surplus account arising from the Capital Reduction will enable the Company to set off its accumulated losses and may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the Bye-laws.



---

## LETTER FROM THE BOARD

---

According to the 2013 Interim report, the Group recorded an unaudited cash and bank balances of approximately RMB29.3 million, bank and other borrowing which is on demand or due within a year was approximately RMB122.4 million and net current liabilities of approximately RMB109.5 million as at 30 June 2013. In January 2014, the Company has raised net proceeds of approximately HKD122.4 million from the Open Offer. As disclosed in the prospectus of the Company dated 15 January 2014 in respect of the Open Offer, approximately 70% of the net proceeds will be used by the Company for the repayment of bank and other borrowings and approximately 30% of funds are used for drilling of wells and pipeline construction work, which are approximately HKD\$85 million and approximately HK\$37.4 million respectively. The Directors confirm that the Group will have sufficient working capital to satisfy its present requirement as disclosed in the prospectus of the Company in respect of the Open Offer dated 15 January 2014. However, there is no certainty that existing internal resources will be sufficient to finance, or other financing alternatives will be available for current business development as described below or future transactions and/or other potential investments opportunities that may be arise in identified by the Company in the future especially considering the cash position and net current liabilities of the Group as at 30 June 2013.

As disclosed in the 2013 Interim Report, the Group will mainly focus on upstream CBM exploration and production on the existing CBM assets. The management of the Company considers that the CBM exploration requires significant and continuous capital contribution. It is expected by the Group that 70 of CBM wells would be developed in 2014, and the unit cost of each CBM well is RMB2.5 million. And the relevant pipeline construction work would cost around RMB25 million for the year. Therefore, the working capital requirement for the next 12 months will be approximately RMB200 million. Assuming the construction contracts are entered into with the supplier, the Directors expected that the supplier of drilling of wells and natural gas pipeline construction work would request a prepayment of 30% of contract sum which amounts to RMB60 million. Therefore, the approximate HK\$37.4 million (being the 30% of the net proceeds raised by the Open Offer) will not be sufficient to satisfy the prepayment to the supplier. According to the progress of the construction work, the Directors expect that another 50% of the contract sum would be required in three months after the construction contract is formally signed which amounts to RMB100 million.

The Directors believe that the development of CBM wells and natural gas pipeline are the absolute fundamental conditions in respect of upstream operation which brings stable and economic gas supply to the mid-stream operation and downstream business in the long run. In the interest of the Company and its Shareholders, the funds are mainly raised to strengthen the competitive advantage to the core business of the Group.

Save as disclosed in this circular, the Board has not yet formulated any concrete plan for fund raising activity and investment target as at the Latest Practicable Date.

The Board estimates that the expenses to be incurred for the Change of Domicile and the Capital Reorganisation will be approximately HK\$1,200,000.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.



---

## LETTER FROM THE BOARD

---

### **Effects of the Capital Reorganisation**

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Upon the Capital Reorganisation becoming effective, the board lot size of the New Shares for trading on the Stock Exchange will remain unchanged.

### **Listing and dealings**

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options outstanding and to be granted under the share option scheme of the Company.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

No part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

---

## LETTER FROM THE BOARD

---

### **Free exchange of share certificates and arrangement for matching service for odd lots**

As indicated in the expected timetable set above, there will be arrangement for the exchange of share certificates of Existing Shares into new share certificate for New Shares. Details regarding the arrangement relating the free exchange of share certificates and matching service for odd lots will be announced by the Company as and when appropriate.

### **Adjustment in relation to the Share Options**

As at the date of this announcement, the Company has Share Options entitling the holders thereof to subscribe for 321,190,740 Existing Shares. The Capital Reorganisation will cause adjustments to be made to the exercise prices and/or the number of the Share Options. The Company will engage its auditors or an independent financial adviser to certify the adjustments to the Share Options and will inform the holders of the Share Options of the adjustments accordingly.

Save as aforesaid, the Company has no other outstanding convertible 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.

### **WARNING**

**Shareholders should take note that the Change of Domicile, the Change of Company Name, the Cancellation of Share Premium Account and the Capital Reorganisation are conditional upon satisfaction of conditions set out in the paragraphs headed “Conditions of the Change of Domicile”, “Conditions of the Change of Company Name”, “Condition of the Cancellation of Share Premium Account” and “Conditions of the Capital Reorganisation”. Therefore, the Change of Domicile, the Change of Company Name, the Cancellation of Share Premium Account and the Capital Reorganisation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

### **EXTRAORDINARY GENERAL MEETING**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Change of Domicile, the Change of Company Name, the Cancellation of Share Premium Account and the Capital Reorganisation.

The notice of the EGM to be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, PRC on 9 April 2014 (Wednesday) at 9:00 a.m., is set out on pages 40 to 43 of this circular.

In compliance with the Listing Rules, all resolutions will be voted on by way of a poll at the EGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, none of the Directors, controlling shareholders (as defined in the GEM Listing Rules) or substantial shareholders or any of their respective associates had an interest in a business which competes or may compete with the business of the Group or had any other conflict of interest which any such person has or may have with the Group.

A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at \* 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjournment thereof should you so wish. In that event, the form of proxy will be deemed to have been revoked.

\* The address of Tricor Tengis Limited will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014.

### RECOMMENDATION

The Directors consider that the Change of Domicile, the Change of Company Name, the Cancellation of Share Premium Account and the Capital Reorganisation are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

### GENERAL

This circular, for which all 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 circular 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 in this circular misleading.

Your attention is also drawn to the summary of the proposed memorandum of continuance and by-laws and differences with the memorandum of association and the Articles on pages 18 to 39 of this circular.

---

## LETTER FROM THE BOARD

---

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Room 910B, 9th Floor, East Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong during normal business hours on any weekday other than public holidays, from the date of this circular up to and including the date which is 14 days from the date of this circular:

- 1) the memorandum of association of the Company and the Articles;
- 2) the memorandum of continuance and the Bye-laws set out in the Appendix proposed to be adopted by the Company;
- 3) the annual reports of the Company for the financial years ended 31 December 2011 and 2012; and
- 4) the circular of the Company dated 22 April 2013 in relation to, among other things, a major transaction of the Company concerning finance lease agreement.

By Order of the Board  
**China Leason CBM & Shale Gas Group Company Limited**  
**WANG ZHONG SHENG**  
*Chairman*

Set out below is a summary of the provisions of the new memorandum of continuance (“**New Memorandum**”) and the bye-laws of the Company (“**Bye-laws**”) upon continuation into Bermuda and their differences with the memorandum of association (“**Memorandum**”) and articles of association (“**Articles**”) of the Company prior to the Change of Domicile.

## **1. THE MEMORANDUM AND THE NEW MEMORANDUM**

The Memorandum states, inter alia, that the liability of each member of the Company is limited to the amount from time to time unpaid on such member’s shares, that the objects for which the Company is established are unrestricted and that the Company shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit provided that the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

Upon continuance of the Company into Bermuda, the Company will adopt the New Memorandum which, upon filing with and registration by the Bermuda Registrar, will in effect be the Company’s new memorandum of association. The New Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The New Memorandum also sets out the objects of the Company from the date of continuance are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda.

In accordance with and subject to section 42A of the Companies Act, the New Memorandum empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

**2. THE ARTICLES AND THE BYE-LAWS****(a) Directors****(i) *Power to allot and issue shares and warrants****Summary*

Subject to the Companies Act, the New Memorandum and the Bye-laws and any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine or if there has not been any such determination or so far as the same may not make specific provision, as the Board may determine. Subject to the Companies Act, the New Memorandum and the Bye-laws and any special rights conferred on the holders of any shares or class of shares, any preference shares may be issued or converted into shares that are liable to be redeemed at a determinable date or at the option of the Company or the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the members of the Company determine. The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and upon such terms and conditions as it in its absolute discretion determine, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

*Material differences*

The corresponding provisions of the Articles relating to the power of Directors to allot and issue shares and warrants are substantially similar.

**(ii) *Power to dispose of the assets of the Company or any of its subsidiaries***

*Summary*

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

*Note:* The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the laws of Bermuda to be exercised or done by the Company in general meeting.

*Material differences*

The Articles do not contain any prohibition or restriction on the disposal of the assets of the Company or any of its subsidiaries.

**(iii) *Compensation or payments for loss of office***

*Summary*

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

*Material differences*

The Articles contain the same provision.

**(iv) *Loans and provision of security for loans to Directors***

*Summary*

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their Directors.

*Material differences*

There are provisions in the Articles prohibiting the making of loans to a Director of the Company or to his associates (as defined by the rules of the Designated Stock Exchange (as defined in the Articles)).

**(v) *Financial assistance to purchase shares of the Company****Summary*

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Bye-laws) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

*Material differences*

The Company is also empowered under the Articles to give financial assistance.

**(vi) *Disclosure of interests in contracts with the Company or any of its subsidiaries****Summary*

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the Board may determine, and may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) in respect of any such other office or place of profit in addition to any remuneration provided for by or pursuant to any other Bye-law. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the Directors may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.



Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members of the Company for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with the Bye-law. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

*Material differences*

The Articles contain similar provisions save and except that there is an extra exception to a Director's right to vote (i.e., any contract or arrangement concerning any other company in which the Director or his associate(s) is interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is beneficially interested in 5 per cent. or more of the issued shares of the voting rights of any class of shares of such company (or of any third company through which his interest is derived).

**(vii) Remuneration**

*Summary*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) shall be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which the remuneration is payable shall only rank in such division for a proportion of remuneration related to the period during which he has held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any Board meetings, meetings of committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or to hold any other employment or other executive office of the Company shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*Material differences*

The Articles contain similar provisions.

***(viii) Retirement, appointment and removal****Summary*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

*Note:* There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

*Material differences*

The Articles contain similar provision relating to the rotation of Directors. Any person appointed by the Board as a Director (whether to fill a casual vacancy or as an addition to the Board) shall hold office until the first general meeting after his appointed. There is no requirement to serve any notice on the Director who is being removed nor is there any provision allowing such Director to be heard on the motion for his removal. There is also no provision requesting for shareholders' authorisation in case of appointment of a person as an addition to the existing Board.

**(ix) *Borrowing powers***

*Summary*

The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

*Note:* These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

*Material differences*

The Articles contain substantially similar provisions.

**(b) Alterations to constitutional documents***Summary*

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the New Memorandum, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

*Material differences*

Under the Articles, any alteration to the Memorandum and the Articles requires the sanction of a special resolution.

**(c) Alteration of capital***Summary*

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto any rights, privileges, conditions or restrictions which, in the absence of any such determination by the Company in general meeting, as the Directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the New Memorandum (subject, nevertheless, to the Companies Act);
- (v) change the currency denomination of its share capital;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

*Material differences*

The Articles contain similar provisions save and except that there is no express provision in the Articles authorising the Company to do (v) by way of ordinary resolution. The Company may also by special resolution reduce its share capital, any capital redemption reserve or other undistributable reserve in any manner permitted by law.

**(d) Variation of rights of existing shares or classes of shares**

*Summary*

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or (in the case of a member being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

*Material differences*

The Articles contain substantially similar provisions.



**(e) Special resolution-majority required***Summary*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Bye-laws), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

*Material differences*

The definition of special resolution under the Articles is similar save and except there is no requirement for ten (10) clear business days notice period. In the case of a meeting convened for the purpose of passing a special resolution, 21 days' notice in writing at the least must be given to all the members for the time being of the Company specifying the intention to propose the relevant resolution as a special resolution.

**(f) Voting rights***Summary*

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

At any general meeting, a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.



If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

***Material differences***

The Articles contain similar provisions save and except that voting shall be by way of a show of hands unless a poll is demanded.

**(g) Requirements for annual general meetings**

***Summary***

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the Board.

***Material differences***

Similarly, the Company must hold a general meeting as its annual general meeting and not more than 15 months shall elapse between the date of one annual general meeting and the next.

**(h) Accounts and audit***Summary*

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

Subject to the Companies Act and the Bye-laws, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the Directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine. The members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term in accordance with the requirements under the Bye-laws.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

*Material differences*

The Articles contain similar provisions. However, there is no requirement to send the annual accounts and reports at the same time as of the notice of annual general meeting.

**(i) Notices of meetings and business to be conducted thereat**

*Summary*

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in subparagraph (e) above) be called by notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days in writing, and any other special general meeting shall be called by notice of not less than fourteen (14) clear days and not less than (10) clear business days (in each case exclusive of the day on which the notice is given or deemed to be given and of the day for which it is given or on which it is to take effect). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

*Material differences*

The Articles contain substantially similar provisions save and except that there is no requirement for clear business days notice period.

**(j) Transfer of shares***Summary*

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Bye-laws) or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is duly and properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence

as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended after notice has been given by advertisement in any newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws) or by any means in such manner as may be accepted by the Designated Stock Exchange (as defined in the Bye-laws) to that effect, at such times and for such periods as the Board may determine and either generally or in respect of any class of shares. The registration of transfers of shares shall not be suspended for periods exceeding in the whole thirty (30) days in any year.

*Material differences*

The Articles contain similar provisions save and except that there is no provision in the Articles permitting the Board to accept mechanically executed transfers.

**(k) Power for the Company to purchase its own shares**

*Summary*

The Bye-laws supplement the Company's New Memorandum (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the Board upon such terms and conditions as it thinks fit.

*Material differences*

The Articles provide that subject to the provisions of the Companies Law, the Memorandum and the Articles and, where applicable, the rules of the Designated Stock Exchange (as defined in the Articles) and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board.

**(l) Power for any subsidiary of the Company to own shares in the Company**

*Summary*

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

*Material differences*

Similarly, the Articles do not contain any such provision.

**(m) Dividends and other methods of distribution***Summary*

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

***Material differences***

The Articles contain substantially similar provisions save that dividend may be paid out of profits (realised or unrealised) or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the law. There is no reference to contributed surplus which is distributable under Bermuda law only.

**(n) Proxies*****Summary***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

***Material differences***

The Articles contain the same provision.

**(o) Call on shares and forfeiture of shares*****Summary***

Subject to the Bye-laws and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may determine from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.



If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

***Material differences***

The Articles contain substantially similar provisions to the Bye-laws save and except that there is no provision allowing the making of a call either in one lump sum or by installments.

**(p) Inspection of register of members**

***Summary***

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon during business hours by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Bye-laws and the Companies Act.

***Material differences***

Under the Articles the principal and branch registers of members shall open to inspection for at least two hours on every business day by members of the Company without charge or by any other person upon a maximum payment of \$2.50 or such lesser sum specified by the Board.



**(q) Quorum for meetings and separate class meetings***Summary*

For all purposes the quorum for a general meeting shall be two members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

*Material differences*

The Articles contain similar provisions.

**(r) Rights of the minorities in relation to fraud or oppression***Summary*

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law.

*Material differences*

The Articles contain no provisions specifically dealing with such rights of minority shareholders.

**(s) Procedures on liquidation***Summary*

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

*Material differences*

The Articles contain substantially similar provisions to the Bye-laws.

**(t) Untraceable members***Summary*

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

*Material differences*

The Articles contain substantially similar provisions save and except that the notice of the Company's intention to sell the shares shall be published in the newspapers.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### 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)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**Meeting**”) of China Leason CBM & Shale Gas Group Company Limited (“**Company**”) will be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, PRC on 9 April 2014 (Wednesday) at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as special resolutions of the Company:

#### SPECIAL RESOLUTIONS

1. “**THAT**

- (a) subject to obtaining of all necessary governmental and regulatory consents, the change of the domicile of the Company (“**Change of Domicile**”) from the Cayman Islands to Bermuda by way of de-registration as a company under the laws of the Cayman Islands and continuation of the Company as an exempted company under the laws of Bermuda be and is hereby approved;
- (b) the memorandum of continuance, a copy of which has been produced to the Meeting marked “A” and initialled by the chairman of the Meeting (“**Chairman**”) for the purpose of identification, be and is hereby adopted in substitution for the memorandum of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
- (c) conditional upon the continuance of the Company into Bermuda as an exempted company under the laws of Bermuda, the bye-laws of the Company, a copy of which has been produced to the Meeting marked “B” and initialled by the Chairman for the purpose of identification, be and is hereby adopted in substitution for the articles of association of the Company, effective from the date that the memorandum of continuance is registered by the Registrar of Companies in Bermuda;
- (d) conditional upon the continuance of the Company into Bermuda as an exempted company under the laws of Bermuda, the maximum number of the directors of the Company (“**Directors**”) shall, for the time being, be fixed at 20 and the Directors be and are hereby authorised to fill any vacancies on the board of Directors and to appoint additional Directors up to the maximum number determined herein or such other maximum number as may be determined from time to time by members of the Company in general meeting and to appoint alternate Directors at their discretion; and

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

- (e) the Directors be and are hereby authorised to undertake all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Change of Domicile.”
2. “**THAT** subject to the passing of special resolution numbered 1 above:
- (a) the entire amounts standing to the credit of the share premium account of the Company as at the day of passing this resolution in the amount of HK\$1,548,093,456 be cancelled and transferred to an account of the Company designated as the contributed surplus account of the Company (“**Cancellation of Share Premium Account**”);
- (b) the account designated as the contributed surplus account of the Company shall be the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda (“**Contributed Surplus Account**”) effective upon the Change of Domicile (as defined in special resolution numbered 1) and the amounts standing to the credit of such designated account shall continue to stand to the credit of the Contributed Surplus Account effective upon the Change of Domicile; and
- (c) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Cancellation of Share Premium Account.”
3. “**THAT** subject to the passing of special resolution numbered 1 above and conditional upon the Change of Domicile becoming effective and the Listing Division granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below), with effect from the 19th day (if it is not a business day, the immediately following business day) after the effective date of the Change of Domicile (“**Effective Date**”):
- (a) every ten (10) issued shares of HK\$0.01 each in the existing share capital of the Company be consolidated (“**Share Consolidation**”) into one (1) issued share of HK\$0.10 each (“**Consolidated Shares**”);
- (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation;
- (c) the par value of each of the then issued Consolidated Shares of the Company be and is hereby reduced from HK\$0.10 each to HK\$0.01 each (“**New Shares**”) by cancelling the capital paid-up thereon to the extent of HK\$0.09 on each of the then issued Consolidated Shares, such that the issued share capital of between HK\$95,126,036.88 and HK\$98,337,944.28 (assuming exercise of all outstanding options) will be reduced by an amount of between HK\$85,613,433.2 and HK\$88,504,149.86 to an amount of between

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

HK\$9,512,603.68 and HK\$9,833,794.42 comprising 951,260,368 and 983,379,442 New Shares of HK\$0.01 each (together with sub-paragraph (b) above are hereinafter referred to as “**Capital Reduction**”, together with the Share Consolidation, the “**Capital Reorganisation**”);

- (d) the credits arising from the Capital Reduction be transferred to the Contributed Surplus Account and the Directors be and are hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the bye-laws of the Company and all applicable laws including, without limitation, (i) eliminating or setting off the accumulated losses of the Company as at the Effective Date; (ii) eliminating or setting off other accumulated losses of the Company as may arise from time to time; and/or (iii) paying dividend or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, ratified and confirmed; and
- (e) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Capital Reorganisation involving the Share Consolidation and the Capital Reduction and to aggregate all fractional New Shares and sell them for the benefits of the Company.”
4. “**THAT** subject to the passing of special resolutions numbered 1 and 3 above, and conditional upon: (i) the Change of Domicile (as defined in special resolution numbered 1) and the Capital Reorganisation (as defined in special resolution numbered 3) becoming effective; and (ii) the entry of “China CBM Group Company Limited” as the new English name and the entry of “中國煤層氣集團有限公司” as the new secondary name in Chinese of the Company in the register maintained by the Registrar of Companies in Bermuda and the issue of a certificate of incorporation on change of name and a certificate of secondary name by the Registrar of Companies in Bermuda, the English name of the Company be changed from “China Leason CBM & Shale Gas Group Company Limited” to “China CBM Group Company Limited” and the Chinese name of the Company from “中國聯盛煤層氣頁岩氣產業集團有限公司” to “中國煤層氣集團有限公司” with effect from the date of registration as set out in the certificate of incorporation on change of name and the certificate of secondary name issued by the Registrar of Companies in Bermuda; and the Directors be and are hereby authorised to do all such acts and things and execute all such documents or make such arrangements as they may consider necessary or expedient to give effect to or in connection with the aforesaid change of name of the Company.”

By Order of the Board  
**China Leason CBM & Shale Gas Group Company Limited**  
**WANG ZHONG SHENG**  
*Chairman*

Hong Kong, 17 March 2014

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

*Registered office:*

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman, KY-1-1111,  
Cayman Islands

*Principal place of business in Hong Kong:*

Room 910B, 9/F,  
East Wing,  
Tsim Sha Tsui Centre,  
66 Mody Road,  
Tsim Sha Tsui East,  
Kowloon, Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend in his stead. A proxy need not be a member of the Company.
  2. A proxy form of the Meeting is enclosed. If the appointer is a corporation, the proxy form must be made under its common seal or under the hand of an officer or attorney duly authorised on its behalf.
  3. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
  4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at \* 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
  5. Completion and delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the Meeting or at any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- \* The address of Tricor Tengis Limited will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014.