

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities in the Company.

China CBM Group Company Limited
中國煤層氣集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 08270)

**PROPOSED SHARE CONSOLIDATION;
PROPOSED CHANGE IN BOARD LOT SIZE;
REVISED EXPECTED TIMETABLE OF THE OPEN OFFER
AND**

ENTERING INTO OF THE SUPPLEMENTAL UNDERWRITING AGREEMENT

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Shares of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) New Share of HK\$0.10 each in the issued and unissued share capital of the Company.

As at the date of this announcement, there are 1,319,484,534 Shares of HK\$0.01 each in issue and fully paid or credited as fully paid. Assuming no Shares will be issued or repurchased from the date of this announcement up to the date of the SGM, there will be approximately 131,948,453 New Shares of HK\$0.10 each in issue and fully paid or credited as fully paid following the Share Consolidation becoming effective.

The Share Consolidation is conditional upon, among other things, the approval of Shareholders at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder are required to abstain from voting in approving the Share Consolidation at the SGM.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently trade in board lot size of 40,000 Shares. The Board also proposed that, upon the Share Consolidation becoming effective, the board lot size of the New Shares for trading on the Stock Exchange will be changed to 8,000 New Shares.

Based on the closing price of HK\$0.07 per Share (equivalent to HK\$0.70 per New Share) as quoted on the Stock Exchange as at the last trading day immediately before the date of this announcement, the board lot value is HK\$2,800 in the current board lot size of 40,000 Shares, and HK\$5,600 in the proposed new board lot size of 8,000 New Shares.

REVISED EXPECTED TIMETABLE OF THE OPEN OFFER

As the expected date of despatch of the Circular is postponed, the expected timetable for the Open Offer and the transactions contemplated thereunder will be revised as disclosed herein.

SUPPLEMENTAL UNDERWRITING AGREEMENT

In light of the revised expected timetable for the Open Offer and the Share Consolidation, after arm's length negotiations between the Company and the Underwriter, the Company and the Underwriter have on 15 March 2016 (after trading hours) entered into the Supplemental Underwriting Agreement to reflect the change in the revised expected timetable for the Open Offer and to take into consideration of the Share Consolidation.

For the avoidance of doubt, the Open Offer is not conditional upon the Share Consolidation becoming effective.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Open Offer and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Open Offer, the Share Consolidation, the Change in Board Lot Size and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Reference is made to the announcements of the Company dated 7 January 2016 and 28 January 2016 in relation to the Open Offer (the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Shares of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) New Share of HK\$0.10 each in the issued and unissued share capital of the Company.

As at the date of this announcement, there are 1,319,484,534 Shares of HK\$0.01 each in issue and fully paid or credited as fully paid. Assuming no Shares will be issued or repurchased from the date of this announcement up to the date of the SGM, there will be 131,948,453 New Shares of HK\$0.10 each in issue and fully paid or credited as fully paid following the Share Consolidation becoming effective. The authorised share capital of the Company will become HK\$200,000,000 divided into 2,000,000,000 New Shares of HK\$0.10 each.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
- (ii) the passing of the necessary ordinary resolution by the Shareholders at the SGM to approve the Open Offer;
- (iii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be in issue upon the Share Consolidation becoming effective; and
- (iv) the compliance with all relevant procedures and requirements under the Companies Act 1981 of Bermuda to effect the Share Consolidation.

Status of the New Shares

Upon the Share Consolidation becoming effective, the New Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Listing application

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be in issue upon the Share Consolidation becoming effective. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Possible adjustments to the Share Option Scheme as a result of the Share Consolidation

As a result of the Share Consolidation, adjustments may need to be made to the exercise price of and/or the number of New Shares to be allotted and issued upon exercise of the outstanding Share Options in accordance with the terms of the Share Option Scheme. Given the Convertible Bonds will be cancelled in its entirety by the Set-off Arrangement pursuant to the Wang's Undertaking, no adjustment will be made to the conversion price of and the number of New Shares to be allotted and issued under the Convertible Bonds. The Company may engage the Company's auditors/financial adviser to review and determine the relevant adjustments and will make further announcements on the appropriate adjustments and the date they are expected to take effect in due course.

Save as disclosed above, there are no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Shares or New Shares.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently trade in board lot size of 40,000 Shares. The Board also proposed that, upon the Share Consolidation becoming effective, the board lot size of the New Shares for trading on the Stock Exchange will be changed to 8,000 New Shares.

Based on the closing price of HK\$0.07 per Share (equivalent to HK\$0.70 per New Share) as quoted on the Stock Exchange as at the last trading day immediately before the date of this announcement, the board lot value is HK\$2,800 in the current board lot size of 40,000 Shares, and HK\$5,600 in the proposed new board lot size of 8,000 New Shares.

The Change in Board Lot Size will not, by itself, affect any of the rights of Shareholder. As from Monday, 11 April 2016, any new share certificate will be issued in board lots of 8,000 New Shares each (except for odd lots or where the Registrar is otherwise instructed).

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services during 9:00 a.m. on Monday, 25 April 2016 to 4:00 p.m. on Monday, 16 May 2016 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the New Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Further details in respect of the odd lots trading arrangement will be set out in the circular to be despatched to the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. Moreover, as the market value of each board lot upon the Share Consolidation and the Change in Board Lot Size becoming effective will be higher than the market value of each existing board lot, it is expected that the transaction cost as a proportion of the market value of each board lot will be lowered. It is also expected that the liquidity in trading of the New Shares will increase accordingly and the market value of the New Shares will more precisely reflect the intrinsic value of the Company. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are in the interests of the Company and Shareholders as a whole.

Other than the expenses to be incurred by the Company in relation to the Share Consolidation and the Change in Board Lot Size, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders as a whole, save for any fractional New Share to which may arise.

OTHER ARRANGEMENTS

Fractional entitlement to the New Shares

Fractional New Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the New Shares will be aggregated, and, if possible, sold and retained for the benefit of the Company.

Exchange of Share Certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Monday, 11 April 2016. Shareholders may during the business hours, on or after Monday, 11 April 2016 and until 4:30 p.m. on Wednesday, 18 May 2016 (both days inclusive) submit their share certificates in red for the Shares to the Registrar to exchange, at the expense of the Company, for new share certificates in yellow for the New Shares on the basis of every ten (10) Shares for one (1) New Share, without any fractional New Share.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled or issued is higher.

Subject to the Share Consolidation becoming effective, with effect from Monday, 11 April 2016, trading will only be effected in the New Shares in the form of the new share certificates of which will be issued in yellow. The existing share certificates in red for the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title and may be exchanged for new share certificates for the New Shares.

REVISED EXPECTED TIMETABLE OF THE OPEN OFFER

As the expected date of despatch of the Circular is postponed, the expected timetable set out in the Announcements will be revised. Set out below is the revised expected timetable for the Open Offer and the implementation of the Share Consolidation and the Change in Board Lot Size. The below expected timetable is for indicative purpose only. Further announcement(s) (if any) will be made by the Company regarding any significant change to the following expected timetable as and when appropriate:

2016

Despatch of Circular	on or before Monday, 21 March
Latest date for returning and lodging of proxy form for the SGM.....	9:30 a.m. on Wednesday, 6 April
SGM.....	9:30 a.m. on Friday, 8 April
Announcement of results of the SGM.....	Friday, 8 April
Effective date of Share Consolidation.....	Monday, 11 April
First day of free exchange of existing share certificates for new share certificates.....	Monday, 11 April
Dealings in New Shares commences.....	9:00 a.m. Monday, 11 April
Original counter for trading in the Shares in board lots of 40,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m., Monday, 11 April

Temporary counter for trading in the New Shares in board lots of 4,000 New Shares (in the form of existing share certificates) opens	9:00 a.m., Monday, 11 April
Last day of dealing in New Shares on a cum-entitlement basis	Monday, 11 April
First day of dealing in New Shares on an ex-entitlement basis	Tuesday, 12 April
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Wednesday, 13 April
Register of members of the Company closes (both dates inclusive)	Thursday, 14 April to Monday, 18 April
Record date for the Open Offer	Monday, 18 April
Register of members for the New Shares reopens.....	Tuesday, 19 April
Despatch of Prospectus Documents	Tuesday, 19 April
Original counter for trading in the New Shares in board lots of 8,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m., Monday, 25 April
Parallel trading in New Shares (in the form of new and existing share certificates) commences.....	9:00 a.m., Monday, 25 April
First day of operation of odd lot trading facility.....	9:00 a.m., Monday, 25 April
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Wednesday, 4 May
Latest time for the Open Offer to become unconditional.....	4:00 p.m. on Thursday, 5 May

Announcement of the results of the Open Offer.....	Wednesday, 11 May
Share certificates for Offer Shares and refunded cheque to be posted	Thursday, 12 May
Dealing in Offer Shares commences	9:00 a.m. on Friday, 13 May
Temporary counter for trading in the New Shares in board lots of 4,000 New Shares closes.....	4:00 p.m., Monday, 16 May
Parallel trading in New Shares in the form of new share certificates and existing share certificates ends	4:00 p.m., Monday, 16 May
Last day of operation of odd lot trading facility.....	4:00 p.m., Monday, 16 May
Latest time for free exchange of share certificates	4:30 p.m., Wednesday, 18 May

SUPPLEMENTAL UNDERWRITING AGREEMENT

In light of the revised expected timetable for the Open Offer and the Share Consolidation, after arm's length negotiations between the Company and the Underwriter, the Company and the Underwriter have on 15 March 2016 (after trading hours) entered into the Supplemental Underwriting Agreement to reflect the change in the revised expected timetable for the Open Offer and to take into consideration of the Share Consolidation. For the avoidance of doubt, the Open Offer is not conditional upon the Share Consolidation becoming effective.

Save as disclosed above, all other terms and conditions of the Underwriting Agreement shall remain unchanged.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Open Offer and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation and are required to abstain from voting in approving the Share Consolidation at the SGM.

A circular containing, among other things, further details of the Open Offer, the Share Consolidation, the Change in Board Lot Size and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Change in Board Lot Size” the proposed change in board lot size of the Shares for trading on the Stock Exchange from 40,000 Shares to 8,000 New Shares

“New Share(s)” ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation having become effective

“Offer Share(s)” not less than 395,845,359 New Shares and not more than 405,383,652 New Shares (assuming the Share Consolidation having become effective) proposed to be allotted and issued to the Qualifying Shareholders pursuant to the Open Offer

“Open Offer” the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders for subscription on the basis of three (3) Offer Shares for every one (1) existing New Share held on the record date and payable at the Subscription Price in full on application in accordance with the terms to be set out in the Prospectus Documents and summarised herein

“SGM” the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Open Offer and the transactions contemplated thereunder

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every ten (10) Shares of HK\$0.01 each in the issued and unissued share capital of the Company into one (1) New Share of HK\$0.10 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s) or the issued New Share(s), as the case maybe
“Subscription Price”	the subscription price of HK\$0.35 per Offer Share (assuming the Share Consolidation having become effective)
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 15 March 2016 entered into between the Company and the Underwriter to supplement and amend certain terms of the Underwriting Agreement

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

Hong Kong, 15 March 2016

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company website at http://www.ilinkfin.net/china_cbm/.