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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**

(formerly known as China Leason Investment Group Co., Limited 中國聯盛投資集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8270)

PLACING OF NEW SHARES AND RESUMPTION OF TRADING

Placing Agent



睿智金融國際有限公司
VISION FINANCE INTERNATIONAL COMPANY LIMITED

The Company and the Placing Agent entered into the Placing Agreement on 14 March 2013, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best efforts basis, a maximum of 400,000,000 Placing Shares to independent investors at a price of HK\$0.25 per Placing Share.

The 400,000,000 Placing Shares represent (i) approximately 9.99% of the existing issued share capital of the Company of 4,002,505,023 Shares; and (ii) approximately 9.09% of the Company's issued share capital of 4,402,505,023 Shares as enlarged by completion of the Placing.

The maximum net proceeds from the Placing of approximately HK\$96.4 million which will be used for the drilling of wells and natural gas pipeline construction work.

The Placing is conditional upon, among other things, the Listing Division of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

14 March 2013

Issuer

The Company

Placing Agent

The Placing Agent, Vision Finance International Company Limited, has conditionally agreed to place a maximum of 400,000,000 Placing Shares, on a best efforts basis, and will receive a placing commission of 3.5% on the gross proceeds of the actual number of Placing Shares placed. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Placees

The Placing Shares will be placed on a best efforts basis to no fewer than six Placees who, and whose ultimate beneficial owners, will not be connected persons (as defined in the GEM Listing Rules) of the Company and will not be connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after the Placing.

Placing Shares

The 400,000,000 Placing Shares represent (i) approximately 9.99% of the existing issued share capital of the Company of 4,002,505,023 Shares; and (ii) approximately 9.09% of the Company's issued share capital of 4,402,505,023 Shares as enlarged by the Placing.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the relevant Placing Shares.

Placing Price

The Placing Price of HK\$0.25 represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 16.94% to the average closing price of approximately HK\$0.301 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the Last Trading Day; and
- (iii) a discount of approximately 16.39% to the average closing price of approximately HK\$0.299 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined with reference to the average closing price per Share for the last 5 consecutive trading days of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The net Placing Price, after deduction of placing commission and all other fees and expenses, subject to the outcome of the Placing, is expected to be approximately HK\$0.24 per Placing Share.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the Company's annual general meeting held on 26 November 2012 subject to the limit up to 20% of the then issued ordinary Shares with a par value of HK\$0.01 each in the capital of the Company. Under the General Mandate, the Company is authorized to issue 788,501,004 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. The Placing and the issue of new Shares are not subject to Shareholders' approval.

Conditions of the Placing

Completion of the Placing is conditional upon on or prior to 30 April 2013 (or such later date as may be agreed between the Company and the Placing Agent) the Listing Division of the Stock Exchange granting or agreeing to grant listing of and permission to deal in all of the Placing Shares.

If the conditions are not fulfilled by the date stated above, the Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Placing shall be null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Placing.

Completion of the Placing

Completion of the Placing will take place on the third business day after the fulfillment of the conditions as set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent.

Further announcement(s) will be made by the Company upon completion of the Placing.

Application for listing

Application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, all the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OTHER INFORMATION ON THE PLACING

Reasons for the Placing

The Group is principally engaged in the businesses of liquefied coalbed gas sales and piped natural gas and gas supply connection services.

The Board considers that the Placing represents a good opportunity to raise additional capital for the Company to strengthen the capital base and enhance the liquidity position for its future business developments. The Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The maximum gross proceeds from the Placing are approximately HK\$100 million. The maximum net proceeds from the Placing (after deducting the placing commission and other related expenses payable by the Company) are approximately HK\$96.4 million, which will be used for the drilling of wells and natural gas pipeline construction work.

Fund raising activities in the past twelve months

The Company did not have any fund raising activities on any issue of equity securities in the past twelve months prior to the Last Trading Day.

Effect on shareholding structure

The existing and enlarged shareholding structure of the Company as at the date of this announcement and immediately after Completion (assuming there are no other changes in the issued share capital of the Company) are set out below:

Shareholders	As at the date of this announcement		Immediately after the completion of the Placing	
	No. of Shares	%	No. of Shares	%
Substantial Shareholders				
Jumbo Lane Investments Limited ("Jumbo Lane") (Note)	120,790,000	3.02	120,790,000	2.74
Wang Zhong Sheng ("Mr. Wang") (Note)	980,782,118	24.50	980,782,118	22.28
Sub-total:	1,101,572,118	27.52	1,101,572,118	25.02
Public Shareholders				
Places	—	—	400,000,000	9.09
Others	2,900,932,905	72.48	2,900,932,905	65.89
Total	<u>4,002,505,023</u>	<u>100.00</u>	<u>4,402,505,023</u>	<u>100.00</u>

Note: Mr. Wang, an executive Director, is the beneficial owner of 100% issued share capital of Jumbo Lane and therefore is taken to be interested in the Shares owned by Jumbo Lane pursuant to the SFO.

As at the date of this announcement, the existing authorized share capital of the Company consists of 10,000,000,000 Shares out of which 4,002,505,023 Shares are issued and fully paid up; outstanding convertible bonds with principal amount of HK\$275,400,000 convertible into 1,059,120,769 Shares and 229,990,000 outstanding share options exercisable for issue and allotment of 229,990,000 Shares, the allotment and issue of which have been approved by the Shareholders. Save for the above, there are no securities of the Company in issue as at the date of this announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted on the GEM of the Stock Exchange with effect from 9:00 a.m. on 15 March 2013 pending the release of this announcement. The Company has applied for resumption of trading of Shares with effect from 9:00 a.m. on 18 March 2013.

DEFINITIONS

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

“Board”	the board of Directors
“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 the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 26 November 2012 to allot and issue new Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	14 March 2013, being the date on which the terms of the Placing were fixed
“Placees”	any persons procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	Vision Finance International Company Limited, a licensed corporation to carry out Type 1 and Type 6 regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement dated 14 March 2013 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.25, per Placing Share
“Placing Shares”	up to an aggregate of 400,000,000, new Shares to be allotted and issued under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01, each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Hong Kong, 15 March 2013

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang, Mr. Zhang Qing Lin, Mr. Fu Shou Gang and Mr. Kwok Shun Tim 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 there are no other matters the omission of which would make any statement herein or this announcement misleading.

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