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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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8270)

**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE POSSIBLE SUBSCRIPTION BY
BEIJING ENTERPRISES ENERGY DEVELOPMENT (HOLDINGS) COMPANY LIMITED**

WHITEWASH WAIVER

This announcement is made pursuant to Rule 17.09 of the GEM Listing Rules and Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE SUBSCRIPTION

The Board is pleased to announce that on 26 October 2013, the Company and the Subscriber entered into the Memorandum of Understanding pursuant to which the Company agreed to issue, subject to the fulfilment of the conditions precedent contained therein, 9,000,000,000 to 10,000,000,000 Subscription Shares to the Subscriber at a price of HK\$0.26 per Subscription Share pursuant to the terms of the Formal Agreement.

Further announcement(s) in respect of the Subscription in compliance with the GEM Listing Rules and the Takeovers Code will be made by the Company as soon as possible after the signing of the Formal Agreement.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares after the signing of the Formal Agreement.

Completion of the Subscription is to be subject to the satisfaction of the conditions precedent described in the Memorandum of Understanding and the terms of the Formal Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

At the request of the Company, trading in the Shares on GEM of the Stock Exchange has been halted with effect from 9:00 a.m. on 28 October 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on GEM of the Stock Exchange with effect from 9:00 a.m. on 29 October 2013.

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Under the Memorandum of Understanding, the Company and the Subscriber will use their best endeavours to engage in the negotiation of the terms of the Subscription with the aim of finalising the Formal Agreement within one month after the date of the Memorandum of Understanding (or such later date as the parties may agree in writing). In the event that the Formal Agreement is not entered into within one month after the date of the Memorandum of Understanding (or such later date as the parties may agree in writing), the Memorandum of Understanding will lapse. The implementation and consummation of the Subscription is subject to the signing of the Formal Agreement.

Save for the above term in relation to the validity period of the Memorandum of Understanding which is legally binding, all other terms of the Memorandum of Understanding do not have any binding effect.

Further announcement(s) in respect of the Subscription in compliance with the GEM Listing Rules and the Takeovers Code will be made by the Company as soon as possible after the signing of the Formal Agreement.

WHITEWASH WAIVER

Immediately after completion of the Subscription, the Subscriber and parties acting in concert with it will in aggregate be interested in more than 30% of the issued share capital of the Company.

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At present, the Subscriber intends not to proceed with the subscription of the Subscription Shares unless the Whitewash Waiver is granted. However, the Subscriber may review its position if the Whitewash Waiver is not granted by reference to the facts and circumstances then existing. Accordingly, the offer period will commence on the date of this announcement (i.e. 28 October 2013).

As at the date of this announcement, (i) there were a total of 5,461,735,792 Shares in issue; and (ii) outstanding options of the Company to subscribe for a total of 247,260,000 Shares under the share option scheme of the Company adopted on 18 May 2011.

Completion of the Subscription is to be subject to the satisfaction of the conditions precedent described in the Memorandum of Understanding and the terms of the Formal Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

Dealing disclosure

The respective associates (including persons holding 5% or more of a class of relevant securities of a company) of the Subscriber and the Company or parties acting in concert with any of them are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“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 GEM of the Stock Exchange
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission from time to time and any delegate of such Executive Director

“Formal Agreement”	the formal conditional subscription agreement to be entered into between the Company and the Subscriber in connection with the Subscription
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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
“Independent Shareholders”	Shareholders other than (i) the Subscriber, its associates (as defined under the GEM Listing Rules) and the parties acting in concert with it and (ii) other Shareholders who are interested in or involved in the Subscription and/or the Whitewash Waiver
“Memorandum of Understanding”	the memorandum of understanding dated 26 October 2013 entered into between the Company and the Subscriber setting out the preliminary understanding in relation to the Subscription
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Subscriber”	Beijing Enterprises Energy Development (Holdings) Company Limited (北控能源發展(控股)有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Beijing Enterprises Group Company Limited
“Subscription”	the conditional subscription of the Subscription Shares by the Subscriber pursuant to the Memorandum of Understanding and Formal Agreement
“Subscription Shares”	new Shares (expected to be 9,000,000,000 to 10,000,000,000 new Shares and the actual number of the Subscription Shares will be agreed upon signing of the Formal Agreement) to be allotted and issued to the Subscriber pursuant to the Memorandum of Understanding and the Formal Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver”

whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber to make a general offer for all the issued Shares not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription

“%”

per cent

By Order of the Board

China Leason CBM & Shale Gas Group Company Limited

Wang Zhong Sheng

Chairman

Hong Kong, 28 October 2013

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang, 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 deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in 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.