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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: 08270)

THE ISSUE OF HK\$51,000,000 10% UNSECURED AND UNLISTED FIXED RATE NOTES DUE 2015 BY THE COMPANY

This announcement is made by the Company pursuant to the Inside Information Provision under Part XIVA of the SFO and Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce that the Company has proceeded with the Notes Issue and on 16 April 2014, entered into the Subscription Agreement with each of the Subscribers in relation to the issue of HK\$51,000,000 10% unsecured and unlisted fixed rate notes due 2015 by the Company.

This announcement is made by the Company pursuant to the Inside Information Provision under Part XIVA of the SFO and Rule 17.10 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 15 April 2014 in respect of, among others, the arranger agreement dated 15 April 2014 with Kingsway Financial Services Group Limited in respect of the proposed issue of the Notes.

SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that the Company has proceeded with the Notes Issue and on 16 April 2014, entered into the Subscription Agreement with each of the Subscribers in relation to the issue of HK\$51,000,000 10% unsecured and unlisted fixed rate notes due 2015 by the Company.

(1) Parties and Date

Date: 16 April 2014 (after trading hours)

Issuer: the Company

Subscribers: 7 institutional or private investors

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers is an independent institutional or private investor not connected with the directors, chief executive, management shareholder or substantial shareholder (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries or any of their respective associates (as defined under the GEM Listing Rules).

(2) The Notes Issue

Subject to fulfillment of the condition precedent of the Subscription Agreements, (i) the Subscribers shall subscribe for the Notes at the aggregate consideration of HK\$51,000,000; and (ii) the Company shall issue the Notes to the Subscribers.

(3) Principal Terms of the Notes

Principal amount:	HK\$51,000,000
Issue price:	The Notes will be issued at 100% of the principal amount
Maturity Date:	The date falling the first anniversary of the issue date of the Notes
Coupon:	10% per annum (on the basis of a 365 day year) on the outstanding principal amount of the Notes, payable in arrears by the Company on the Maturity Date
Redemption:	The Company shall, on the Maturity Date, redeem each Note at a value equal to the aggregate of (i) the principal amount outstanding under each Note; (ii) all interest accrued thereon up to and including the date of actual repayment
Early redemption at the option of the Company:	The Company may at any time, having given not less than 7 business days' notice to any noteholder, redeem the Notes (in whole or in part) held by such noteholder at an amount equal to the aggregate of (i) the principal amount outstanding under such Note being redeemed; and (ii) all interest accrued thereon up to and including the date of actual repayment
Status of the Notes:	Each Note constitutes a direct unconditional and unsecured obligation of the Company and ranks pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Company. For avoidance of doubt, none of the Notes may be convertible into any Shares (or any securities, assets or rights of any member of the Group)
Transferability:	The Notes are not transferable, and each noteholder shall not assign or transfer any of its rights and interests in the Notes to any person or entity
Voting:	The Notes or the Certificates shall not confer on the noteholders the right to vote at any general meeting(s) of the Company
Listing:	No part of the Notes is or will be listed on the Stock Exchange or any other stock exchanges

REASONS AND BENEFITS FOR THE SUBSCRIPTION AGREEMENTS AND THE NOTES ISSUE AND USE OF PROCEEDS

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 Proposed Notes Issue could financing the working capital requirements of the Group and enhance the liquidity position for its future business developments.

The Company shall apply the net proceeds of the Notes of approximately HK\$50,590,000 for or towards: (i) the payment of any fees, costs and expenses under, or in connection with, the issuance of the Notes or the transactions contemplated by the Instrument; (ii) the making of any loan or advance to any of its subsidiaries; and/or (iii) financing the working capital requirements of any member of the Group.

The Board is of the view that the terms of the Subscription Agreements and the Notes Issue are fair and reasonable and the entering into of the Subscription Agreements and the Notes Issue is beneficial to and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Arranger”	Kingsway Financial Services Group Limited, a licensed corporation to carry out Type 1, Type 2, Type 4 and Type 9 regulated activities for the purpose of the SFO
“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
“Director(s)”	the director(s) 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
“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Notes
“Note(s)”	the 10% unsecured and unlisted fixed rate notes of an aggregate principal amount of HK\$51,000,000 to be created by the Instrument and for the time being outstanding or, as the context may require, any part of the principal amount
“Notes Issue”	the issue of the Notes

“SFO”	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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	7 persons or entities to whom the Arranger or its agents have procured to subscribe for the Notes
“Subscription Agreement(s)”	in relation to each Subscriber, the agreement for the subscription by the Subscriber of all or any part of the Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
China Leason CBM & Shale Gas Group Company Limited
Wang Zhong Sheng
Chairman

Hong Kong, 16 April 2014

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang and Mr. Fu Shou Gang; the non-executive Director is 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.