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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)

- (I) OPEN OFFER OF NOT LESS THAN 3,958,453,602
OFFER SHARES AND NOT MORE THAN 4,053,836,574 OFFER SHARES ON
THE BASIS OF
THREE (3) OFFER SHARES FOR EVERY ONE (1) EXISTING
SHARE HELD ON THE RECORD DATE;
(II) PROPOSED CHANGE IN BOARD LOT SIZE;
AND
(III) CONNECTED TRANSACTION: SET-OFF OF THE CONVERTIBLE BONDS**

UNDERWRITER TO THE OPEN OFFER



OPEN OFFER

The Company proposes to raise approximately not less than HK\$119.41 million and not more than HK\$122.74 million (before expenses and after taking into account of the Set-off Arrangement), by way of Open Offer of not less than 3,958,453,602 Offer Shares and not more than 4,053,836,574 Offer Shares at the Subscription Price of HK\$0.035 per Offer Share on the basis of three (3) Offer Shares for every one (1) existing Share held on the Record Date and payable in full on application. Qualifying Shareholders are not entitled to apply for excess Offer Shares not taken up in excess of their respective assured entitlements under the Open Offer.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Thursday, 25 February 2016. The register of members of the Company will be closed from Friday, 26 February 2016 to Monday, 29 February 2016, both dates inclusive, to determine the eligibility of the Open Offer.

Mr. Wang has given the Wang's Undertaking in favour of the Company and RHB Securities that (i) he will subscribe for or procure subscription for an aggregate of 1,182,719,949 Offer Shares to which he and his associates are entitled under the Open Offer; and (ii) he will not convert all or part of the Convertible Bonds and will not exercise any Share Options held by him on or before the Record Date. Furthermore, pursuant to the Wang's Undertaking, part of the total Subscription Price of HK\$19,140,000 in respect of the 546,857,142 Offer Shares among those 1,182,719,949 Offer Shares to be subscribed by Mr. Wang and his associates under the Open Offer will be set-off against the entire outstanding principal amount of the Convertible Bonds of HK\$21,238,440 by redeeming the outstanding principal amount of the Convertible Bonds pursuant to its terms in full at a discount of approximately 9.88%. Accordingly, upon completion of the Open Offer, the Convertible Bonds shall be fully redeemed and cancelled by the Company in accordance with the conditions of the Convertible Bonds.

RHB Securities has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up pursuant to the Wang's Undertaking) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

The estimated net proceeds from the Open Offer will be not less than approximately HK\$114.21 million (after the Set-off Arrangement). The Board intends to apply such proceeds from the Open Offer as to (i) approximately 10% towards its general working capital; (ii) approximately 20% towards the prepayment on purchase of natural gas; (iii) approximately 40% towards the repayment to construction supplier(s); and (iv) approximately 30% for drilling and construction of wells and technical upgrade of wells.

WARNING OF THE RISK OF DEALINGS IN THE SECURITIES OF THE COMPANY

Shareholders and potential investors should note that the Open Offer are conditional upon the Underwriting Agreement having become unconditional and RHB Securities not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 24 February 2016 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer are subject are fulfilled (which is expected to be on Monday, 21 March 2016), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board also proposes that the board lot for trading on the Stock Exchange will be changed from 10,000 Shares to 40,000 Shares with effect from 9:00 a.m. on Thursday, 28 January 2016.

No new share certificates for existing shareholdings will be issued as a result of the Change in Board Lot Size, and there will be no arrangement for free exchange of existing share certificates in board lot size of 10,000 Shares to new share certificates in board lot size of 40,000 Shares.

CONNECTED TRANSACTION: SET-OFF OF THE CONVERTIBLE BONDS

As at the date of this announcement, Mr. Wang is the holder of the Convertible Bonds. Pursuant to the Wang's Undertaking, Mr. Wang and the Company have agreed that the Subscription Price required to be paid by Mr. Wang for his subscription in respect of the 1,182,719,949 Offer Shares under the Wang's Undertaking would be settled by way of: (i) HK\$19.14 million by the Set-off Arrangement against the Convertible Bonds; and (ii) the remaining balance of approximately HK\$22.26 million in cash.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 10.39 of the GEM Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, as there are no controlling Shareholders, only the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will be required to abstain from voting in favour of the resolutions relating to the Open Offer at the SGM.

As at the date of this announcement, Mr. Wang, the Chairman and an executive Director, together with his associates are holding an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company. Save as disclosed above, no other Directors (excluding the independent non-executive Directors), the chief executive of the Company and their associates hold any Shares as at the date of this announcement. Accordingly, Mr. Wang is a connected person of the Company. The Set-off Arrangement as contemplated under the Underwriting Agreement therefore constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Set-off Arrangement is subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the SGM under the GEM Listing Rules.

As Mr. Wang is deemed to have a material interest in the Set-off Arrangement, Mr. Wang and his associates shall abstain from voting at the SGM on the resolutions in relation to the Set-off Arrangement. The voting at the SGM will be taken by way of poll.

The Company will establish an independent board committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to whether the terms of the Open Offer and the Set-off Arrangement are fair and reasonable and whether the Open Offer and the Set-off Arrangement are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this regards.

GENERAL

A circular containing, among other things, (i) further details of the Open Offer and the Set-off Arrangement; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Open Offer and the Set-off Arrangement; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer and the Set-off Arrangement; and (iv) a notice convening the SGM, will be despatched by the Company to the Shareholders on or before 28 January 2016.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	Three (3) Offer Shares for every one (1) existing Share held on the Record Date and payable in full on application
Subscription Price:	HK\$0.035 per Offer Share
Number of Shares in issue as at the date of this announcement:	1,319,484,534 Shares
Number of Shares in issue assuming all the Shares Options (save for 324,750 Share Options held by Mr. Wang) were exercised on or before the Record Date:	1,351,278,858 Shares
Number of Offer Shares:	Not less than 3,958,453,602 Offer Shares and not more than 4,053,836,574 Offer Shares
Number of Offer Shares agreed to be taken up or procured to be taken up by Mr. Wang and his associates pursuant to the Wang's Undertaking:	Mr. Wang has given the Wang's Undertaking in favour of the Company and RHB Securities that (i) he will subscribe for or procure subscription for an aggregate of 1,182,719,949 Offer Shares to which Mr. Wang and his associates are entitled under the Open Offer; and (ii) he will not convert all or part of the Convertible Bonds and exercise any of the 324,750 Share Options held by him on or before the Record Date.

Number of Offer Shares underwritten by RHB Securities: Not less than 2,775,733,653 Offer Shares (assuming no Share Options were exercised on or before the Record Date) and not more than 2,871,116,625 Offer Shares (assuming all the Share Options (save for 324,750 Share Options held by Mr. Wang) are exercised on or before the Record Date), being the minimum and maximum number of the Offer Shares less the aggregate number of the Offer Shares agreed to be taken up pursuant to the Wang's Undertaking. Accordingly, the Open Offer is fully underwritten.

Number of enlarged Shares in issue upon completion of the Open Offer: Not less than 5,277,938,136 Shares and not more than 5,405,115,432 Shares

Assuming (i) no further issue of new Shares or repurchase of Shares; (ii) none of the Convertible Bonds were converted on or before the Record Date; and (iii) no Share Options were exercised on or before the Record Date, the 3,958,453,602 Offer Shares proposed to be allotted and issued represents (i) 300% of the Company's issued share capital as at the date of this announcement; and (ii) 75% of the Company's issued share capital as enlarged by the allotment and issue of the 3,958,453,602 Offer Shares immediately after completion of the Open Offer.

Save for (i) the Convertible Bonds convertible into up to 94,142,021 Shares; and (ii) the outstanding Share Options granted under the Share Option Scheme, the Company does not have any other outstanding convertible note, warrant, option, derivative or other securities convertible into or exchangeable for any Share as at the date of this announcement. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Thursday, 25 February 2016. The address of the Registrar is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

Closure of register of members

The register of members of the Company will be closed from Friday, 26 February 2016 to Monday, 29 February 2016, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.035 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 80.34% to the closing price of HK\$0.178 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 50.70% to the theoretical ex-entitlement price of approximately HK\$0.071 per Share as adjusted for the effect of the Open Offer based on the closing price of HK\$0.178 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.34% to the average closing price of approximately HK\$0.178 per Share for the last five consecutive trading days including and up to the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and RHB Securities with reference to, among other things, the prevailing market price of the Shares which was on a declining trend in the past six months, the uncertainty of current market volatility, the financial position of the Group and thin trading volume. Taking into consideration of the theoretical ex-entitlement price per Share and to reflect the absence of the excess application

arrangement to the Qualifying Shareholders, the Subscription Price is intended to be set at a relatively deep discount with an objective to lower the further investment cost of the Qualifying Shareholders to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the independent financial adviser) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the independent financial adviser) consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.034 (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) or approximately HK\$0.034 (assuming full exercise of all the outstanding and exercisable Share Options (save for 324,750 Share Options held by Mr. Wang) and no other issue of any Shares on or before the Record Date).

Status of the Offer Shares

The Offer Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Share certificates and refund cheques of the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Tuesday, 29 March 2016 to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be posted on or before Tuesday, 29 March 2016 by ordinary post to the applicants at their own risk.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries with its legal advisers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. As no Offer Shares will be offered to the Prohibited Shareholders, all untaken Offer Shares will be taken up by the Underwriter under the Underwriting Agreement.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Prohibited Shareholders for their information only, but no Application Form will be sent to them.

No application for excess Offer Shares

After arm's length negotiation with the Underwriter, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Open Offer to maintain their proportionate interests in the Company, the Board considers that it will put in additional effort and costs to administer the excess application procedures and such costs might not be justifiable under the recent financial performance of the Group. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and, save for the Offer Shares to be taken up pursuant to the Wang's Undertaking, any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Fractions of the Offer Shares

On the basis of provisional allotment of three (3) Offer Shares for every one (1) existing Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up by the Latest Time for Acceptance.

Application for listing

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Offer Shares. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date: 7 January 2016 (after trading hours)

Parties: (i) the Company; and
(ii) RHB Securities.

Number of Offer Shares underwritten: Pursuant to the Underwriting Agreement, RHB Securities has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up pursuant to the Wang's Undertaking) which have not been taken up (the "**Untaken Shares**"). Accordingly, the Open Offer is fully underwritten.

Commission:

3.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 2,871,116,625 Underwritten Shares) payable to the RHB Securities. The commission rate was determined after arm's length negotiations between the Company and RHB Securities with reference to, among other things, the scale of the Open Offer and the market rate, and the Board considers that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The terms of the Underwriting Agreement are agreed after arm's length negotiation between the Company and the RHB Securities by reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the independent financial adviser) consider that the terms of the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, RHB Securities and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.99% of the voting rights of the Company upon the completion of the Open Offer. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial Shareholder(s) or their respective associates; and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it and subject to compliance with the public float requirements under the GEM Listing Rules, hold 10.00% or more of the voting rights of the Company upon completion of the Open Offer.

Undertaking given by Mr. Wang and the Set-off Arrangement

Mr. Wang has given the Wang's Undertaking in favour of the Company and RHB Securities that (i) he will subscribe for or procure subscription for an aggregate of 1,182,719,949 Offer Shares to which he and his associates are entitled under the Open Offer; and (ii) he will not convert all or part of the Convertible Bonds and will not exercise any Share Options held by him on or before the Record Date.

Pursuant to the Wang's Undertaking, part of the total Subscription Price of HK\$19,140,000 in respect of the 546,857,142 Offer Shares among those 1,182,719,949 Offer Shares to be subscribed by Mr. Wang and his associates under the Open Offer will be set-off against the entire outstanding principal amount of the Convertible Bonds of HK\$21,238,440 by redeeming the outstanding principal amount of the Convertible Bonds pursuant to its terms in full at a discount of approximately 9.88%.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of RHB Securities, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of RHB Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of RHB Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (c) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise;
or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of RHB Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of RHB Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any material adverse change in the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) the Prospectus Documents in connection with the Open Offer when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of RHB Securities is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Offer Shares under the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement, the circular (together with the notice convening the SGM and the form of proxy) to be despatched to the Shareholders or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

- (8) any indication from the Stock Exchange and/or other regulators that any Shareholders and/or the Underwriter and/or any subscriber(s) or purchaser(s) of the Untaken Shares procured by the RHB Securities will be obliged to make a general offer for Shares in accordance with the requirement of the Takeovers Code; or
- (9) any indication from the Stock Exchange and/or other regulators that the Company will not be in compliance with the public float requirements under the GEM Listing Rules as a result of the Open Offer,

RHB Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

RHB Securities shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of RHB Securities; or
- (2) any Specified Event comes to the knowledge of RHB Securities.

Any such notice shall be served by RHB Securities prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Open Offer

The Open Offer and the transactions contemplated thereunder are conditional upon:

- (1) the passing of the necessary resolution(s) by the Independent Shareholders at the SGM to approve, among others, the Open Offer and the transactions contemplated hereunder including but not limited to the Set-off Arrangement;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;

- (3) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (4) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (5) the Underwriting Agreement not being terminated or rescinded by RHB Securities pursuant to the terms thereof on or before the Latest Time for Termination;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement; and
- (7) compliance with and performance of all undertakings and obligations of Mr. Wang under the Wang's Undertaking.

Neither of the Company nor RHB Securities may waive the conditions above except for condition (6). RHB Securities may waive the condition (6) in whole or in part by written notice to the Company. If the above conditions precedent are not satisfied in whole or in part by the Latest Time for Termination or such other date as the Company and RHB Securities may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the business of exploitation, liquefaction production and sales of natural gas in the PRC.

The gross proceeds from the Open Offer (after taking into account of the Set-off Arrangement) will not be less than approximately HK\$119.41 million and not more than approximately HK\$122.74 million. The estimated net proceeds from the Open Offer will be not less than approximately HK\$114.21 million (after the Set-off Arrangement). The Board intends to apply such proceeds from the Open Offer as to (i) approximately 10% towards its general working capital; (ii) approximately 20% towards the prepayment on purchase of natural gas; (iii) approximately 40% towards the repayment to construction supplier(s); and (iv) approximately 30% for drilling and construction of wells and technical upgrade of wells. As at the date of this announcement, the Company is not in the course of negotiations with any parties for any notifiable transactions in respect of the above matters. The estimated expense in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company.

As set out in the annual report of the Company for the year ended 31 December 2014 (“**2014 Annual Report**”), the Group recorded a consolidated turnover of approximately RMB301.12 million for the year ended 31 December 2014, representing an increase of approximately 60.87% compared with that of the corresponding period in 2013. The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2014 of approximately RMB333.35 million compared with that of approximately RMB271.44 million for the year ended 31 December 2013. According to the 2014 Annual Report, the reasons for the loss are mainly due to: (i) loss of approximately RMB104.30 million arising from the impairment loss on goodwill which was recognised with respect to the operation of coalbed methane exploration and development, natural gas liquefaction and liquefied natural gas distribution; (ii) the loss of approximately RMB138.70 million arising from an impairment loss on intangible assets; (iii) loss on extinguishment of liability of RMB57.02 million arising from the debt-equity swap; and (iv) the increase in other operating expenses. According to the interim report of the Company for the six months ended 30 June 2015, the net assets of the Group decreased from approximately RMB735.08 million as at 31 December 2014 (audited) to approximately RMB712.77 million as at 30 June 2015 (unaudited) which is mainly attributable to the unaudited loss attributable to equity shareholders of the Company of approximately RMB17.28 million for the six months ended 30 June 2015. Nevertheless, the Group has started to generate revenue, profit and cash flow from the business of exploitation of natural gas, and its profitability and cash flow position as a result of improvement of the number and capabilities of production wells. The performance

of the Group's liquefied natural gas plant will also improve after enhancement of its utilization rate through maintenance of its equipment and expected increase in gas supply. The Directors considers that it will be a merit for the Group to have additional working capital for investment in the Group's production wells and enhancement of utilization rate of the liquefied natural gas plant. In view of the Group's historical net losses and the capital requirement of the Group's natural gas exploration and extraction business and liquefaction operation, there is a need for the Company to raise additional funds to strengthen its financial position and meet the funding requirements for its business operation and development.

The Company has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placement of new Shares and rights issue. In comparison, debt financing exercises such as bank borrowings will increase the gearing ratio of the Company and the Company will also have to bear the corresponding interest expenses. Placing of new Shares will not allow the Shareholders to have an opportunity to participate in the fund raising exercise and will dilute the shareholding of the existing Shareholders. The Board has also considered rights issue as an alternative means of fund raising other than the Open Offer. Although rights issue enables those Shareholders who do not wish to take up the entitlements to trade their nil-paid rights, it would incur additional administrative work and cost by the Company for arranging the trading of nil-paid rights. In light of the recent financial performance of the Group as set out in the foregoing paragraph, such costs and fees might not be justifiable to incur. Further, it is noted that the trading volume of Shares was thin and there is uncertainty on the market trading of the nil paid rights.

After considered other fund raising alternatives for the Group as mentioned above and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the independent financial adviser) consider that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

Accordingly, the Directors (excluding the independent non-executive Directors who will give their views on the Open Offer after taking into account the advice of the independent financial adviser) consider that the terms of the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 10,000 Shares each and the market value of each board lot is HK\$1,780.00 (based on the closing price of HK\$0.178 per Share as quoted on the Stock Exchange on the Last Trading Day) and approximately HK\$710.00 (based on the theoretical ex-entitlement price of approximately HK\$0.071 per Share calculated based on the closing price of HK\$0.178 per Share on the Last Trading Day and the Subscription Price of HK\$0.035 per Offer Share). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000 upon completion of the Open Offer, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board also proposes that the board lot for trading on the Stock Exchange will be changed from 10,000 Shares to 40,000 Shares with effect from 9:00 a.m. on Thursday, 28 January 2016. Based on the theoretical ex-entitlement price of approximately HK\$0.071 per Share, the estimated value of each proposed new board lot will become approximately HK\$2,840.00.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole.

Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of the Shares as a result of the Change in Board Lot Size, the Company has appointed RHB Securities as an agent to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 28 January 2016 to 4:00 p.m. on Monday, 29 February 2016, both dates inclusive. Holders of the Shares in odd lots who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their brokers contact Ms. Amy Wu of RHB Securities at 12/F., World-Wide House, 19 Des Voeux Road Central, Hong Kong (telephone number (852) 2103 9253) during office hours (i.e. 9:30 a.m. to 6:00 p.m.) within such period.

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

No arrangement for exchange of share certificates

All existing share certificates in board lot of 10,000 Shares will continue to be evidence of legal title to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing shareholdings will be issued as a result of the Change in Board Lot Size, and there will be no arrangement for free exchange of existing share certificates in board lot size of 10,000 Shares to new share certificates in board lot size of 40,000 Shares.

EXPECTED TIMETABLE OF THE OPEN OFFER AND THE CHANGE IN BOARD LOT SIZE

Set out below is the expected timetable of the Open Offer and the Change in Board Lot Size.

2016

Last day for trading of the Shares with old board lot of 10,000 Shares.....	Wednesday, 27 January
Despatch of circular	Wednesday 27 January
Effective time and date of the Change in Board Lot Size	9:00 a.m. on Thursday, 28 January
First day of operation of odd lot trading facility.....	9:00 a.m. on Thursday, 28 January
Latest date for returning and lodging of proxy form for the SGM.....	11:00 a.m. on Saturday, 20 February
SGM.....	11:00 a.m. on Monday, 22 February
Announcement of results of the SGM.....	Monday, 22 February
Last day of dealing in Shares on a cum-entitlement basis.....	Tuesday, 23 February
First day of dealing in Shares on an ex-entitlement basis.....	Wednesday, 24 February
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Thursday, 25 February

Register of members of the Company closes (both dates inclusive)	Friday, 26 February to Monday, 29 February
Record Date for the Open Offer	Monday, 29 February
Last day of operation of odd lot trading facility	Monday, 29 February
Register of members for the Shares reopens	Tuesday, 1 March
Despatch of Prospectus Documents	Wednesday, 2 March
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Wednesday, 16 March
Latest time for the Open Offer to become unconditional	4:00 p.m. on Monday, 21 March
Announcement of the results of the Open Offer	Thursday, 24 March
Share certificates for Offer Shares and refund cheques to be posted	Tuesday, 29 March
Dealing in Offer Shares commences	9:00 a.m. on Wednesday, 30 March

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer and the Change in Board Lot Size will be announced as appropriate.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Open Offer are set out below:

- (a) Assuming that on or before the Record Date (i) no new Shares were issued or repurchased; and (ii) no Share Options were exercised:

Shareholders	As at the date of this announcement		Upon completion of the Open Offer			
			Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer (save for Mr. Wang and his associates pursuant to the Wang's Undertaking)		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Wang and his associates (<i>Note 1</i>)	394,239,983	29.88	1,576,959,932	29.88	1,576,959,932	29.88
The Underwriter and its sub-underwriter(s) and subscriber(s) procured by the Underwriter (if any) (<i>Note 2</i>)	—	—	2,775,733,653	52.59	—	—
Other public Shareholders	925,244,551	70.12	925,244,551	17.53	3,700,978,204	70.12
Total	1,319,484,534	100.00	5,277,938,136	100.00	5,277,938,136	100.00

- (b) Assuming that on or before the Record Date (i) no new Shares were issued or repurchased; and (ii) all Share Options (save for the 324,750 Share Options held by Mr. Wang) were exercised on or before the Record Date:

Shareholders	As at the date of this announcement		Upon allotment and issue of the new Shares pursuant to the exercise of all the Share Options on or before the Record Date		Upon completion of the Open Offer			
					Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer (save for Mr. Wang and his associates under the Wang's Undertaking)		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Wang and his associates (Note 1)	394,239,983	29.88	394,239,983	29.18	1,576,959,932	29.18	1,576,959,932	29.18
Mr. Fu Shou Gang (Note 3)	—	—	324,750	0.02	324,750	0.01	1,299,000	0.02
The Underwriter and its sub-underwriter(s) and subscriber(s) procured by the Underwriter (if any)(Note 2)	—	—	—	—	2,871,116,625	53.11	—	—
Other public Shareholders	925,244,551	70.12	956,714,125	70.80	956,714,125	17.70	3,826,856,500	70.80
Total	1,319,484,534	100.00	1,351,278,858	100.00	5,405,115,432	100.00	5,405,115,432	100.00

Notes:

1. 18,118,500 Shares are held by Jumbo Lane Investments Limited, a company incorporated in the British Virgin Islands, which is beneficially owned as to 100% by Mr. Wang. Mr. Wang is interested as (i) a grantee of Share Options to subscribe for 324,750 Shares under the Share Option Scheme; (ii) beneficial owner of the Convertible Bonds; and (iii) 376,121,483 Shares held by him personally. Pursuant to the Wang's Undertaking, Mr. Wang undertakes not to convert all or part of the Convertible Bonds and exercise any of the 324,750 Share Options held by him on or before the Record Date.
2. Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.99% of the voting rights of the Company upon the completion of the Open Offer. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial Shareholder(s) or their respective associates; and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it and subject to compliance with the public float requirements under the GEM Listing Rules, hold 10.00% or more of the voting rights of the Company upon completion of the Open Offer.
3. As at the date of this announcement, Mr. Fu Shou Gang is not interested in any Shares and is interested as a grantee of Share Options to subscribe for 324,750 Shares under the Share Option Scheme.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Open Offer in compliance with the GEM Listing Rules.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTION SCHEME AS A RESULT OF THE OPEN OFFER

As a result of the Open Offer, adjustments may need to be made to the exercise price of and/or the number of Shares to be allotted and issued upon exercise of the outstanding Share Options in accordance with the terms of the Share Option Scheme. The Company will engage the Company's auditors/financial adviser to review and determine the relevant adjustments and make further announcements on the appropriate adjustments and the date they are expected to take effect in due course.

CONNECTED TRANSACTION: SET-OFF OF THE CONVERTIBLE BONDS

As at the date of this announcement, Mr. Wang is the holder of the Convertible Bonds. Pursuant to the Underwriting Agreement, Mr. Wang and the Company have agreed that the Subscription Price required to be paid by Mr. Wang for his subscription in respect of the 1,182,719,949 Offer Shares under the Wang's Undertaking would be settled by way of: (i) HK\$19.14 million by the Set-off Arrangement against the Convertible Bonds; and (ii) the remaining of approximately HK\$22.26 million in cash.

Pursuant to the Wang's Undertaking, part of the total Subscription Price of HK\$19,140,000 in respect of the 546,857,142 Offer Shares among those 1,182,719,949 Offer Shares to be subscribed by Mr. Wang and his associates under the Open Offer will be set off against the entire outstanding principal amount of the Convertible Bonds of HK\$21,238,440 by redeeming the outstanding principal amount of the Convertible Bonds pursuant to its terms in full at a discount of approximately 9.85%.

Completion of the Set-off Arrangement shall take place simultaneously with the issue of the Offer Shares by the Company pursuant to the terms of the Open Offer.

Reason for the Set-off Arrangement

The Directors consider that the Set-off Arrangement will enable the Group to repay part of the liabilities of the Company without cash outflow and will allow the Group to reduce its debt level. The Directors (excluding the independent non-executive Directors who will give their views after taking into consideration of the advice of independent financial adviser) accordingly consider that the Set-off Arrangement is in the interests of the Company and the Independent Shareholders as a whole.

Implications under GEM Listing Rules

Since Mr. Wang is a substantial Shareholder and an executive Director, the Set-off Arrangement constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules and requires the approval of the Independent Shareholders.

FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company did not conduct any equity fund raising exercises over the past 12-month period immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 10.39 of the GEM Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, as there are no controlling Shareholders, only the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will be required to abstain from voting in favour of the resolutions relating to the Open Offer at the SGM.

As at the date of this announcement, Mr. Wang, the Chairman and an executive Director, together with his associates are holding an aggregate of 394,239,983 Shares, representing approximately 29.88% of the issued share capital of the Company. Save as disclosed above, no other Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates hold any Shares as at the date of this announcement. Accordingly, Mr. Wang is a connected person of the Company. The Set-off Arrangement as contemplated under the Underwriting Agreement therefore constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Set-off Arrangement is subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the SGM under the GEM Listing Rules.

As Mr. Wang is deemed to have a material interest in the Set-off Arrangement, Mr. Wang and his associates will abstain from voting at the SGM on the resolutions in relation to the Set-off Arrangement. The voting at the SGM will be taken by way of poll.

GENERAL

The Company will establish an independent board committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to whether the terms of the Open Offer and the Set-off Arrangement are fair and reasonable and whether the Open Offer and the Set-off Arrangement are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this regards.

The Open Offer, the Set-off Arrangement and the transactions contemplated thereunder are subject to, among other matters, the approval of the Shareholders or the Independent Shareholders (as the case may be) at the SGM.

A circular containing, among other things, (i) further details of the Open Offer and the Set-off Arrangement; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Open Offer and the Set-off Arrangement; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer and the Set-off Arrangement; and (iv) a notice convening the SGM, will be despatched by the Company to the Shareholders on or before 28 January 2016.

WARNING OF THE RISK OF DEALINGS IN THE SECURITIES OF THE COMPANY

Shareholders and potential investors should note that the Open Offer are conditional upon the Underwriting Agreement having become unconditional and RHB Securities not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 24 February 2016 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer are subject are fulfilled (which is expected to be on Monday, 21 March 2016), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Terms and definitions

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Application Form(s)”	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“Board”	the board of Directors

“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Shares to 40,000 Shares
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in the Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Convertible Bonds”	the outstanding zero-coupon convertible bonds in the principal amount of HK\$21,238,440 issued by the Company to Mr. Wang and convertible up to 94,142,021 conversion Shares at the conversion price of HK\$0.2256 per conversion Share which will matured on the fifth anniversary of its date of issuance
“Director(s)”	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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Shareholders”	Shareholders other than the Directors (including Mr. Wang and excluding the independent non-executive Directors), the chief executive of the Company and their respective associates
“Independent Third Party/(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“RHB Securities” or “Underwriter”	RHB Securities Hong Kong Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	7 January 2016, being the last trading day for the Shares before the date of release of this announcement
“Latest Lodging Date”	4:30 p.m. on Thursday, 25 February 2016 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 16 March 2016 or such later time or date as may be agreed between the Company and RHB Securities, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and RHB Securities, being the latest time to terminate the Underwriting Agreement
“Mr. Wang”	Mr. Wang Zhong Sheng, the Chairman and an executive Director of the Company and a substantial Shareholder within the meaning of the GEM Listing Rules
“Offer Share(s)”	not less than 3,958,453,602 new Shares and not more than 4,053,836,574 new Shares 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 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
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires with its legal adviser(s), considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholder(s)
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form in respect of the assured allotment of Offer Shares
“Prospectus Posting Date”	2 March 2016 or such later date as may be agreed between RHB Securities and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 29 February 2016, being the date by reference to which entitlements to the Open Offer will be determined

“Registrar”	Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong
“Set-off Arrangement”	the proposed arrangement to set-off of part of the Subscription Price payable by Mr. Wang and his associates under the Open Offer against the Convertible Bonds
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders and the Independent Shareholders (as the case may be) to consider and approve the Open Offer, the Set-off Arrangement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Option(s)”	the share option(s) granted under the Share Option Scheme which amounted to a maximum of 32,119,074 new Shares to be allotted and issued upon the exercise of the outstanding 32,119,074 share options
“Share Option Scheme”	the share option scheme adopted by the Company on 18 May 2011
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.035 per Offer Share
“Takeovers Code”	The Codes of Takeovers and Mergers and Share Buy-backs
“Underwriting Agreement”	the conditional underwriting agreement dated 7 January 2016 entered into between the Company and RHB Securities in relation to the Open Offer

“Underwritten Shares”	all the Offer Shares except those to be taken up by Mr. Wang and/or his associates under the Wang’s Undertaking, being not less than 2,775,733,653 Offer Shares and not more than 2,871,116,625 Offer Shares underwritten by the Underwriter
“Wang’s Undertaking”	the irrevocable undertaking given by Mr. Wang in favour of the Company and RHB Securities with respect to the Underwriting Agreement, among others, (i) to take up in full his entitlements under the Open Offer to subscribe for or procure subscription for an aggregate of 1,182,719,949 Offer Shares; (ii) to settle the Subscription Price by way of Set-off Arrangement; and (iii) not convert all or part of the Convertible Bonds and exercise any of the 324,750 Share Options held by him from the date of the Underwriting Agreement to the close of business on the Record Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 January 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/.