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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: 8270)

**ANNOUNCEMENT REGARDING R&D ON NATURAL GAS
PRODUCTION BY
SUBCRITICAL HYDROLYSIS OF HYDROCARBONS**

The Group initiated its independent research and development on the technology of “natural gas production by subcritical hydrolysis of hydrocarbons (亞臨界水解聚碳氫製備天然氣)”* in 2015. On the basis of the key technical achievements obtained in 2017, the Group brought in the Institute of Process Engineering, Chinese Academy of Sciences for technical guidance in March 2018. Through the hard work of the Group’s R&D team, the final test of the technology of “natural gas production by subcritical hydrolysis of hydrocarbons” has been completed as of the date of this announcement and made remarkable technical achievements. Small-scale trial production will be carried out by the end of the first quarter of 2019, and the technology will be formally put into production in 2019.

With the industrial application of the technology of “natural gas production by subcritical hydrolysis of hydrocarbons”, the low-cost natural gas resources will continue to increase and the output capacity of upstream CBM by the Group will grow at a steady rate. Therefore, the Group will resume its liquefied natural gas business in 2019.

Thanks to the steady growth of the Group’s natural gas resources, the Group will take further advantage of its vertically integrated business synergistic development. As such, the production capacity of the liquefaction plants will be fully released, which is expected to substantially improve the Group’s profitability and cash flow.

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

Hong Kong, 13 February 2019

* The technology of “natural gas production by subcritical hydrolysis of hydrocarbons” is the same project as the natural gas production by coal as mentioned on page 17 of the annual report 2017.

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, Mr. Lau Chun Pong and Mr. Wang Zhi He.

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