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China CBM Group Limited

中國煤層氣集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 578)

(1) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS AND (2) PROFIT WARNING

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

(1) Unusual Price and Trading Volume Movements

The board of directors (the “**Board**”) of China CBM Group Limited (the “**Company**”) has noted the increase in the price and trading volume of the shares of the Company today. Save as disclosed in (i) the next paragraph regarding to the framework agreement of the joint venture of the Company; and (ii) the paragraph (2) below regarding the profit warning of the Company, the Board wishes to state that the Board is not aware of any reasons for such increases.

The Company has entered a preliminary non-legally binding framework agreement (the “**Framework Agreement**”) with the partner (the “**JV Partner**”) of the Company’s joint venture company, regarding the disposal of the Company’s interest (i.e. 40%) in the joint venture of the Company, i.e. Henan Yulong Energy Development Co., Ltd. (“**Henan Yulong**”). As at the date of this announcement, the Company is still in negotiation with the JV Partner on the terms and conditions of the transaction. The details of the transaction have not yet been fixed and materialized. The Company’s future decision regarding to the disposal of the entire interest in Henan Yulong will depend on the terms and conditions to be offered by the JV Partner. Further announcement in this regard will be made according to the requirement of Listing Rules upon the transaction become materialized.

Save as disclosed in this announcement, the Board confirms that there are no negotiation or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

(2) Profit Warning

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Board, it is expected that the Group may record a significant decrease in profit for the financial results of year 2011 as compared to the year 2010.

Based on the relevant information currently available to the Company, the Board considers that the expected significant decrease in profit of the Company for the year 2011 is mainly attributable to the occasion suspension of coal mines of the Company during the year.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2011. The information contained in this announcement is only based on the Company’s preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2011, which have not been confirmed nor audited by the Company’s auditor. Shareholders and potential investors should read the audited results of the Group for the year ended 31 December 2011 carefully, which are expected to be published in March 2012.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
China CBM Group Limited
Li Chun On
Executive Director & Company Secretary

Hong Kong, 6 February 2012

As at the date of this announcement, the executive directors of the Company are Mr. Dong Cunling, Mr. Li Chun On, Mr. Wu Jiahong and Mr. Yang Hua; the non-executive director is Mr. Li Chunyan; the independent non-executive directors of the Company are Dr. Chen Renbao and Mr. Ma Yueyong.