THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China CBM Group Company Limited (the "**Company**"), you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

MAJOR TRANSACTION:
DISPOSAL OF ENTIRE EQUITY INTERESTS IN A PRC SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company

Capital 9 Limited

A letter from the Board is set out on pages 4 to 12 of this circular. A notice convening the SGM to be held on Thursday, 10 February 2022 at 10:00 a.m. at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, PRC is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

In view of an ongoing pandemic of coronavirus disease 2019 (COVID-19) and recent requirements for prevention and control of its spread by the HKSAR Government, the Company will implement the following prevention and control measures at the SGM against the COVID-19 pandemic to protect the Shareholders from the risk of infection:

(i) every participant (including Shareholders or their proxies) in the SGM shall be subject to compulsory body temperature check at the entrance of the meeting venue and anyone with a body temperature higher than normal will not be given access to the meeting venue and shall be requested to stay in an isolated place for completing the voting procedures;

(ii) all participants (including Shareholders or their proxies) in the SGM are required to wear surgical face masks at all time during their attendance of the SGM; and

(iii) no refreshment will be served, and there will be no corporate gifts.

Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the SGM venue. Furthermore, the Company wishes to advise the Shareholders that they may appoint any person or the chairman of the SGM as a proxy to vote on the relevant resolutions, instead of attending the SGM in person.

In the interest of all stakeholders' health and safety and consistent with recent guidelines for prevention and control of the COVID-19 pandemic, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

19 January 2022

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Board"	board of the Directors
"Company"	China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares are listed on GEM (stock code: 8270)
"Completion"	completion of the Disposal of the Sale Capital in accordance with the terms of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	director(s) of the Company from time to time
"Disposal"	the disposal of the Sale Capital as contemplated under the Sale and Purchase Agreement
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company together with its subsidiaries
"Hong Kong" or "HKSAR"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
"Latest Practicable Date"	14 January 2022, being the latest practicable date for ascertaining certain information contained in this circular

"PRC"	the People's Republic of China, which for the purpose of this circular only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	廣西銅州能源有限公司 (Guangxi Tongzhou Energy Co., Ltd.#), a limited liability company established in PRC and a subsidiary of 北流市財政局 (Beiliu City Finance Bureau#), which is the finance bureau of 北流市人民政府 (Beiliu City People's Government#), the PRC
"Remaining Group"	the Group other than the Target Company
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 2 December 2021 and entered into between the Purchaser and the Vendors in respect of the disposal of Sale Capital
"Sale Capital"	100% equity interest of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement 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 Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	廣西北流燃氣有限公司 (Guangxi Beiliu Gas Co., Ltd.#), a limited liability company established in the PRC
"Vendor A"	廣西聯富商務服務有限公司 (Guangxi Lianfu Business Service Co., Ltd.#), a limited liability company established in the PRC, being a wholly-owned subsidiary of the Company
"Vendor B"	孫桂蘭 (Sun Guilan#)
"Vendors"	collectively, Vendor A and Vendor B

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

\# *The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.*

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)

Executive Directors:
Mr. Wang Zhong Sheng *(Chairman)*
Mr. Chang Jian

Non-executive Directors:
Mr. Duan Shi Chuan
Mr. Wang Chen
Mr. Liang Feng

Independent non-executive Directors:
Mr. Lau Chun Pong
Mr. Xu Yuan Jian
Mr. Wang Zhi He

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Room 20, 19/F
Fortune Commercial Building
362 Sha Tsui Road
Tsuen Wan, Hong Kong

19 January 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION: DISPOSAL OF ENTIRE EQUITY INTERESTS IN A PRC SUBSIDIARY

INTRODUCTION

Reference are made to the announcement of the Company dated 2 December 2021, pursuant to which the Board announces that on 2 December 2021 (after trading hours), the Vendors, entered into the conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Vendors, agreed to sell and the Purchaser agreed to acquire the Sale Capital for a cash consideration of RMB80,000,000 (subject to adjustments). Upon Completion, the Group will cease to hold any interests in the Target Company.

As more than one of the applicable percentage ratio(s) exceeds 25% but less than 75%, the Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and shall be subject to Shareholders' approval at the SGM.

The purpose of this circular is to provide you with details regarding the Disposal and the transactions contemplated thereunder in accordance with the GEM Listing Rules. A notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular.

THE DISPOSAL

On 2 December 2021 (after trading hours), the Vendors entered into the conditional Sale and Purchase Agreement with the Purchaser pursuant to which the Vendors agreed to sell and the Purchaser agreed to acquire the Sale Capital for an aggregate consideration of RMB80,000,000 subject to and conditional upon the terms of the Sale and Purchase Agreement.

Sale and Purchase Agreement

Date: 2 December 2021 (after trading hours)

Parties: (1) Vendors : 廣西聯富商務服務有限公司 (Guangxi Lianfu Business Service Co., Ltd.) (as Vendor A); and

孫桂蘭 (Sun Guilan#) (as Vendor B)

(2) Purchaser : 廣西銅州能源有限公司 (Guangxi Tongzhou Energy Co., Ltd.#)

Vendor A is a limited liability company established in PRC and a wholly-owned subsidiary of the Company which is principally engaged in investment holding whereas Vendor B is a PRC citizen and merchant. To the best of the Directors' knowledge, information and belief, Vendor B is an Independent Third Party.

The Purchaser is a company established in the PRC with limited liability and wholly and indirectly controlled by the Beiliu City Finance Bureau, which is the financial authority of the Beiliu City People's Government of the PRC. The Purchaser is principally engaged in oil and natural gas pipeline storage and transportation, power generation, transmission and supply business, sales of refined oil products, catering services, food business, sales of Class I medical devices, sales of lubricating oil, retail of automobile components and parts, sales of daily commodities, car washing services, production, sales, processing, transportation, storage of agricultural products and other related services, leasing of machinery and equipment, leasing of non-residential real-estate, smart power transmission and distribution and sales of control equipment. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

As at the Latest Practicable Date, the Target Company had a registered capital of RMB30,000,000 which was owned as to 97.5% by Vendor A and as to 2.5% by Vendor B, respectively. The major assets of the Target Company mainly include pipelines, plant and equipments.

Pursuant to the Sale and Purchase Agreement, the Vendors have agreed to dispose and the Purchaser has agreed to acquire the Sale Capital, representing 100% equity interest in the Target Company subject to and conditional upon the terms and conditions of the Sale and Purchase Agreement.

Consideration

The consideration for the Disposal is RMB80,000,000, which shall be payable by the Purchaser in two tranches payable in the following manner:

(i) as to RMB24,000,000 shall be paid by the Purchaser to the Vendors within 30 days from the date of the Sale and Purchase Agreement; and

(ii) as to RMB56,000,000 shall be paid by the Purchaser to the Vendors within 13 days in an escrow bank account after the date on which the Disposal having been approved by the Shareholders at the SGM, which shall be released to the Vendors within 24 hours upon registration of transfer of the Sale Capital with the relevant PRC authority.

Any loss incurred by the Target Company from 30 April 2021 to the date of Completion shall be borne by the Vendors. Liabilities of the Target Company not shown in its accounts shall be borne by the Vendors.

The reference date of the Target Company's net asset value which was used to determine the Consideration was 30 April 2021. The unaudited net loss incurred by the Target Company from 30 April 2021 to the 30 November 2021 amounted to approximately RMB22,276,000. As at the Latest Practicable Date, the Directors confirm that they are not aware of any undisclosed liabilities of the Target Company which has not been shown on the accounts of the Target Company.

Having taken into consideration of the gain from the Disposal, the valuation obtained by the Company and the current loss making position of the Target Company, the Directors consider that the Consideration are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company has obtained an independent valuation report from Asset Appraisal Limited on the valuation of the equity interests in the Target Company as at 30 April 2021. The valuation method is based on market approach and the principal valuation assumptions of the valuation include:

– there will be no material changes in the laws, rules or regulations, financial, economic, market and political conditions where the Target Company operate which may materially and adversely affect its businesses;

– there will be no major changes in the current taxation law applicable to the Target Company;

– the Target Company shall fulfill all legal and regulatory requirements necessary to conduct its business;

– the Target Company shall not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;

– the Target Company shall have uninterrupted rights to operate its existing businesses;

– the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;

– the Target Company will retain competent management, key personnel and technical staff for their operations and its relevant shareholders will support its ongoing operations;

– the unaudited financial statements of the Target Company supplied have been prepared in a manner truly and accurately reflected its financial positions as at the relevant balance sheet date;

– the Target Company has obtained all necessary permits and approvals to carry out its businesses and its ancillary services and shall be entitled to renew those permits and approvals upon their expiry subject to no legal impediment and costs of substantial amount;

– the production facilities, systems and the technology utilized by the Target Company in carrying out its existing businesses do not infringe any relevant regulations, safety standards and laws;

– except those stated in the financial statements, the Target Company are free and clear of any lien, charge, option, pre-emption rights, unsettled dispute, lawsuit or other off balance sheet encumbrances or rights whatsoever;

– the shareholder's loan of the Target Company shall be waived upon Completion with the remainder of the total other receivables considered to be traded related in nature; and

– the estimated fair value does not include considerations of any extraordinary financing or income guarantees, special tax considerations or any other typical benefits which may influence the ordinary business enterprise value of the Target Company.

Based on the valuation report, the fair value of 100% equity interests in the Target Company is reasonable represented by the amount of RMB55,000,000. The consideration payable by the Purchaser under the Disposal is higher than the fair value of the Sale Capital based on the valuation report.

The consideration for the Disposal was determined with reference to, the net asset value of the Target Company and the valuation and arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Directors (including the independent non-executive Directors) consider the terms of the Sale and Purchase Agreement (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon satisfaction of the following conditions:

(a) the Disposal having been approved by the Shareholders at the SGM and all necessary authorisations and approvals of the Group having been obtained in respect of the Disposal;

(b) the management accounts of the Target Company being true and accurate and consistent with the review results of the Purchaser;

(c) the bank facilities to the Target Company remain in existence; and

(d) the Disposal having obtained all necessary approvals from the relevant regulatory authorities and being in compliance with the GEM Listing Rules.

If any of the above conditions has not been fulfilled within 180 days from the date of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall cease and determine and no party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Sale and Purchase Agreement unless the nonfulfillment of the conditions precedent has been caused by gross negligence or intent. As at the Latest Practicable Date, save for condition (c), none of the conditions precedent has been fulfilled.

Completion of transfer of Sale Capital

Completion will take place on the date of completion of registration of the transfer of Sale Capital with the relevant PRC authority.

As at the date of the Sale and Purchase Agreement, an indebtedness was due from Vendor A to the Target Company (the "**Indebtedness**"), which would be novated to the Purchaser upon Completion. Upon Completion, the Group will cease to hold any interests in the Target Company and the Target Company will cease to be a subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and is principally engaged in sales of piped natural gas and provision of gas supply connection services in Beiliu City, Guangxi Province, the PRC. As of the Latest Practicable Date, the Target Company had a registered capital of RMB30,000,000, which was owned as to 97.5% by Vendor A and as to 2.5% by Vendor B, respectively.

The unaudited financial information of the Target Company for the two years ended 31 December 2020 and for the nine months ended 30 September 2021 prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 December 2019	**For the year ended 31 December 2020**	**For the period of the nine months ended 30 September 2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	93,703	89,569	83,620
Net profit/(loss) before taxation	9,317	4,106	(970)
Net profit/(loss) after taxation	7,321	3,228	(2,320)

The unaudited net asset value of the Target Company as at 31 December 2019 and 31 December 2020 was approximately RMB82,003,000 and RMB24,283,000, respectively.

REASONS AND BENEFITS FOR THE DISPOSAL

The Group is principally engaged in the exploitation, liquefaction production and sales of natural gas and coalbed gas and provision of gas supply connection services in the PRC.

It is estimated that upon Completion, the Group will record a gain of approximately RMB91,328,000 on the Disposal, which is arrived at after (i) deducting the net asset value of the Target Company as at 30 April 2021 of approximately RMB23,672,000; and (ii) adding the Indebtedness of approximately RMB35,000,000 to the consideration of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit to be performed by the Company's auditors.

After deducting costs and expenses relating to the Disposal and the relevant taxation together with the expected downward adjustment to the consideration as a result of losses incurred by the Target Company from 30 April 2021 to the date of Completion, it is expected that the net proceeds will be approximately RMB51,000,000, of which approximately RMB40,000,000 will be used for well drilling and pipeline construction work from April 2022 by stages, and the remaining balance of approximately RMB11,000,000 shall be applied towards the repayment of indebtedness and for the general working capital of the Group in 2022. The actual net proceeds from the Disposal shall be subject to adjustments to the consideration.

The net profit after taxation of the Target Company for the year ended 31 December 2019 and 2020 amounted to approximately RMB7,321,000 and RMB3,228,000 respectively. Due to the significant increase in the cost of LNG purchased by the Target Company in 2021, cost inversion has started to occur since June 2021. The Target Company has tried to pass on the cost to the end users. However as the Target Company held the local concession and in order to stay committed to its social responsibility, it did not raise the selling price of natural gas and maintained the gas supply to the local enterprises. From January to October 2021, the unaudited accumulated loss of the Target Company was approximately RMB7,396,000. The unaudited loss for each of September and October 2021 amounted to approximately RMB2,598,000 and RMB5,076,000 respectively. The Board is of the view that the future operating conditions of the Target Company are not rosy and the disposal of the Target Company will enhance the financial position of the Group and bring in more cash flow.

As a result of the increase in international commodity prices, the costs for acquiring LNG by the Target Company have increased significantly. With countries over the world are aiming to reduce carbon emission, the Board contemplates that the increased costs of LNG shall not be temporary and may last for certain period as a result of shortage of supply and increase in demand. Since the sale prices by the Target Company shall be subject to the local policies and it may not be possible for the Target Company to transfer the increased costs to customers, it is expected that the operating conditions of the Target Company will continue to be severe.

Upon completion of the Disposal, the Group will continue its existing business operations in Shanxi Province, which shall include sale of liquefied coalbed gas and piped natural gas. In the past years, the capital commitment and development by the Group for its existing business operations in Shanxi Province were slow down due to limitation of fund. It is expected that approximately RMB40,000,000 of the net proceeds from the Disposal would be utilized to well drilling and pipeline construction in Shanxi Province. As estimated by the Company, 10 to 15 new wells will come into production by third quarter of 2022 to supply gas.

The Target Company relies entirely upon LNG acquired from LNG importers/wholesaler as its sole gas supply to the end customers in Beiliu City, Guangxi Province, whereas the Group has gas field blocks in Shanxi Province to back up its business operations in Shanxi Province, in addition to acquired piped natural gas. In other words, the business operations of the Remaining Group in Shanxi Province would be much less relied on third party natural gas suppliers and the price fluctuations of LNG would have less impact on the Remaining Group, compared with that on the Target Company. As such, the Company expects that the performance of Remaining Group would be improved as a result of the Disposal.

As at 30 June 2021, the Group has completed the ground work and drilling of 229 coalbed methane gas wells, among which 164 wells were in production, with stable production since they had been put in operation. The gas field of the Group in Shanxi Province will allow the Group to have relatively stable supply of gas towards its end customers without affected by the market fluctuations on LNG and the Group would have better costs control.

Based on the management accounts of the Group and the Target Company for the nine months ended 30 September 2021, the total assets and net assets of the Remaining Group as at 30 September 2021 after disposal of the Target Company would be approximately RMB430 million and RMB147 million respectively, taking into no account of the consideration of the Disposal of RMB80 million and the loss incurred by the Target Company from 30 April 2021 to the date of Completion which shall be borne by the Vendors. In addition, the Remaining Group recorded revenue of approximately RMB65 million for the period from 1 January 2021 to 30 September 2021, taking into no account of the revenue of the Target Company for the same period. As such, the Company considers that the Remaining Group will have sufficient operations and assets upon completion of the Disposal.

As at the Latest Practicable Date, the Company has no intention, arrangement, agreement, understanding or negotiation on (a) any further disposal/termination/scaling-down of the Remaining Group; and (b) injection of any other new businesses of the Group.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated into those of the Company. The gain on the Disposal will be recognised at the Group level upon Completion subject to final audit to be performed by the Company's auditors. As a result of the Disposal, it is expected that the Group would record an increase of approximately RMB91,328,000 on its net assets, an increase of approximately RMB899,000 on its total assets and a decrease of approximately RMB90,429,000 on its total liabilities, subject to final audit to be performed by the Company's auditors. As such, the Board considers that the Disposal will have a positive impact on the net asset value of the Group.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

As more than one of the applicable percentage ratio(s) exceed 25% but less than 75%, the Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and shall be subject to Shareholders' approval at the SGM.

To the best of the Directors' knowledge, information and belief, no Shareholders have a material interest in the Disposal and no Shareholders are required to abstain from voting at the SGM. A circular containing, among other matters, further details of the Disposal and a notice to convene the SGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

RECOMMENDATION

The Board considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the relevant resolution approving the Disposal and the transactions contemplated thereunder at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
By order of the Board
China CBM Group Company Limited
Wang Zhong Sheng
Executive Director

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the three years ended 31 December 2020, together with the accompanying notes to the financial statements, are disclosed in the following documents which have been published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**http://web.iprofpl.com/8270/info_e.html**):

Annual report for the year ended 31 December 2018 (pages 58 to 190):
http://rss.iprofpl.com/pdfs/8270/CW08270%281%29.pdf

Annual report for the year ended 31 December 2019 (pages 50 to 192):
http://rss.iprofpl.com/pdfs/8270/EW08270-AR.pdf

Annual report for the year ended 31 December 2020 (pages 52 to 200):
http://rss.iprofpl.com/pdfs/8270/EW08270%20AR.pdf

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2021, together with the accompanying notes to the financial statements, are disclosed in the following document which have been published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**http://web.iprofpl.com/8270/info_e.html**):

Interim Report for the six months ended 30 June 2021 (pages 6 to 26)

http://rss.iprofpl.com/pdfs/8270/EW08270%20IR%281%29.pdf

2. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Remaining Group is principally engaged in the exploitation, liquefaction production and sales of natural gas and coalbed gas and provision of gas supply connection services in the PRC.

The upstream business of the Company is improving steadily and the well construction and gas output are both increasing constantly. During 2017, the Company made technological upgrade to some old wells to improve production capacity and output, laying a solid foundation for the Company's long-term performance. However, the shortage in supply of raw gas kept handicapping the Company. Daily gas output of the upstream business was insufficient to allow the 500,000 cubic meters daily production capacity of the liquefaction plant (the "**LNG plant**") of the Group to be fully unleased. In view of this, the Group commenced the R&D on C-H to Synthesis of natural gas production in 2017 and which is temporarily named as High-temperature-water Activate C-H to Synthesis of Natural-gas Technology. The experiment on C-H to Synthesis of natural gas production was successfully completed. The Group has commenced the process of commercialized design in the second half of 2019 and small-scale production was expected to start by the end of 2021. The first trial equipment conducted trial run in June 2021 and based on the trial run results, improved design plan was proposed in

November 2021, which would involve special steel materials imported from overseas. Due to the disruption in global supply chain as a result of the COVID-19 pandemic, there was delay in obtaining the imported steel material. The second trial equipment is in the course of building and such building is expected to be completed in February 2022 with the trial run to be commenced in March 2022. Based on the trial run results, the Group intends to build 10 equipments in the second half of 2022, each of which can produce natural gas of 50,000 cubic meters daily. Whilst the Group expects that there will be positive impact to the Group upon successful mass production of the natural gas by utilizing the High-temperature-water Activate C-H to Synthesis of Natural-gas Technology, the delay in mass production will not have significant impact on the Remaining Group's operations as the current daily operations of the Remaining Group are not relying upon the new technology. In addition, the Remaining Group plans to realize the daily output to 500,000 cubic meters by the end of 2022. The Remaining Group's LNG plant will get stable gas supply as the number of upstream wells and gas output are both steadily increasing, and the Remaining Group successfully developed C-H to Synthesis of natural gas production. The Remaining Group's raw gas supply will be further consolidated and the advantage of vertical integration business will emerge. The production capacity of the Remaining Group's LNG plant will be fully unleashed. In 2022, as a result of the stable supply from self-produced well gas, the Company will be gradually less affected by external factors and the uncontrollable risks involved in the operation of the Company will become less.

As there are growing concerns over the environmental issues, it is foreseen that the highly-polluted energy will be eliminated from the market more rapidly and the use of replaceable clean energy will be more popular, resulting in a keener market demand for natural gas. The demand growth of natural gas market will continue to retain its strong momentum. Management of the Company will spare no effort in overcoming difficulties and be devoted to making contribution to the Company's profit margin and long-term development.

3. INDEBTEDNESS

Statement of Indebtedness

At the close of business on 30 November 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group was as follows:

Bank and other borrowings

As at 30 November 2021, the Group had secured bank borrowings of approximately RMB30,000,000 from Postal Savings Bank of China to be due in November 2022 (RMB15,000,000) and July 2022 (RMB15,000,000), bearing an interest rate of 4.7% per annum and secured by the exclusive right to operate in gas pipeline infrastructure of the subsidiary; and unsecured and unguaranteed bank borrowing of approximately RMB5,000,000 from Guangxi Beiliu Liuyin Country Bank Co., Ltd., to be due in March 2022, bearing an interest rate of 4.5% per annum.

Other borrowing of approximately RMB24,000,000 from 沁水縣盛融投資有限責任公司 (Shanxi Qinshui Prefecture Chengrong Investment Limited), a state-owned enterprise in the PRC according to publicly available information, was unsecured and unguaranteed as at 30 November 2021 to be due in December 2022, bearing an interest rate of approximately 7.12% per annum.

Amounts due to non-controlling shareholders of subsidiaries

The Group had amounts due to non-controlling shareholders of subsidiaries of the Group of approximately RMB5,102,000 in aggregate which were unsecured, unguaranteed, interest-free and repayable on demand as at 30 November 2021. The aforesaid non-controlling shareholders of subsidiaries included 孫桂蘭 (Sun Guilan) and 鄭州貞成能源技術服務有限公司 (Zhengzhou Zhengcheng Energy Technology Service Company Limited) which was held by 張蔓 (Zhang Man) and 範華 (Fan Hua) according to publicly available information.

Amounts due to directors/ultimate controlling party

The Group had amounts due to directors and ultimate controlling party of approximately RMB619,000 and RMB1,468,000 respectively as at 30 November 2021, which were unsecured, unguaranteed, interest-free and repayable on demand.

Lease liabilities

The Group had lease liabilities of approximately RMB8,081,000 which were secured by the Group's certain pipelines, 100% equity interest in Qinshui Energy, 60% equity interest in Yangcheng Huiyang and guaranteed by certain subsidiaries of the Company. The net book value of the pipelines as at 30 November 2021 was approximately RMB70,145,000. The 100% equity interest in Qinshui Energy and 60% equity interest in Yangcheng Huiyang is of negative net book value of approximately RMB68,936,000 and RMB70,165,000 respectively as at 30 November 2021.

Capital commitment

The Group had capital commitments contracted but not provided for of approximately RMB28,553,000 as at 30 November 2021.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 30 November 2021.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 30 November 2021 and up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities and the estimated net proceeds from the Disposal, the Group will have sufficient working capital for at least twelve months from the date of this circular. The Company has received a letter from the auditor of the Company confirming that the Directors have made such statement after due and careful enquiry.

5. MATERIAL ADVERSE CHANGE

The Directors confirmed that as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) or which were otherwise required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange:

Long position in the Shares and the underlying shares

Name	Capacity	Nature of interest	Number of Shares/ underlying shares	Approximate % of shareholdings
Mr. Wang Zhong Sheng	Interest of controlled corporation	Corporate interest	18,118,500 (L) *(Note)*	0.87%
	Beneficial owner	Personal	1,134,637,197 (L)	54.60%

(L) denotes long position

Notes: Such shares are owned by Jumbo Lane Investments Limited.

Mr. Wang Zhong Sheng owns 100% interest in the issued share capital of Jumbo Lane Investments Limited and he is taken to be interested in the shares owned by Jumbo Lane Investments Limited pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in Shares

Name	Number of Shares	Nature of interest	Approximate percentage of shareholding
Ms. Zhao Xin *(Note)*	1,152,755,697 (L)	Interest of spouse	55.47%

(L) denotes long position

Note: Ms. Zhao Xin (the spouse of Mr. Wang Zhong Sheng) is deemed to be interested in her spouse's interest in the Company pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2020, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

(i) the finance lease agreement (the "**Finance Lease Agreement**") entered into between 山西沁水順泰能源發展有限公司 (Shanxi Qinshui Shuntai Energy Development Co., Ltd.) ("**Qinshui Energy**"), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company, and 中集融資租賃有限公司 (CIMC Capital Ltd.) ("**CIMC**"), a company established in the PRC with limited liability on 25 July 2019 in relation to the sale and lease of certain liquefied natural gas equipment ("**Equipment**"). Pursuant to the Finance Lease Agreement, (i) Qinshui

Energy conditionally agreed to sell and CIMC conditionally agreed to purchase the Equipment for a total consideration of RMB50,000,000 (equivalent to approximately HK$56,085,250); and (ii) Qinshui Energy conditionally agreed to lease from CIMC, and CIMC conditionally agreed to lease to Qinshui Energy, the Equipment for a total consideration of RMB64,070,000 (equivalent to approximately HK$71,867,639) *(Note)*;

(ii) the guarantees executed by the Company, 陽城縣順安集輸管道有限公司 (Yangcheng Shun An Gathering Pipeline Co., Ltd.), 河北順泰能源有限公司 (Hebei Shuntai Energy Resource Company Limited, 陽城縣惠陽新能源發展有限公司 (Yangcheng Huiyang New Energy Development Co., Ltd.) and 山西陽城順泰能源發展有限公司 (Shanxi Yangcheng Shuntai Energy Development Co., Ltd.) ("**Shanxi Yangcheng**") on 25 July 2019 in favour of CIMC to secure due payment by Qinshui Energy to CIMC under the Finance Lease Agreement;

(iii) the share pledge agreement entered into by the Company on 25 July 2019, pursuant to which the Company conditionally agreed to pledge 100% equity interest in Qinshui Energy in favour of CIMC;

(iv) the share pledge agreement entered into by Shanxi Yangcheng on 25 July 2019, pursuant to which Shanxi Yangcheng conditionally agreed to pledge 60% equity interest in Yangcheng Huiyang in favour of CIMC;

(v) the subscription agreement entered into between the Company and Mr. Wang on 31 December 2020, pursuant to which the Company agreed to allot and Mr. Wang agreed to subscribe for, an aggregate of 758,515,714 subscription shares at the subscription price of approximately HK$0.028 per subscription share for a total consideration of HK$21,238,440;

(vi) the conditional sale and purchase agreement dated 30 June 2021 entered into between 香港中和能源產業投資有限公司 (Hong Kong Chung Wo Energy Investments Limited), a wholly-owned subsidiary of the Company as vendor and 新奧燃氣香港投資有限公司 (ENN Gas Hong Kong Investment Limited) (the "**Purchaser**") as purchaser in relation to, among others, the sale and purchase of 100% equity interest in 洛陽順和能源有限公司 (Luoyang Shunhe Energy Co., Ltd.#) for a cash consideration of RMB73,984,445 (excluding payment of tax); and

(vii) the Sale and Purchase Agreement.

Note: The relevant amounts in RMB are translated into HK$ at an exchange rate of RMB0.8915:HK$1 (source: www.hkab.org.hk). No representation has been made by the Company that any amounts have been, could have been or could be converted at such rate or at any other rates or at all.

8. MISCELLANEOUS

(a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is Room 20, 19/F., Fortune Commercial Building, 362 Sha Tsui Road, Tsuen Wan, Hong Kong.

(c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Tengis Limited located at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Mr. Tse Chun Lai, who has been appointed as the company secretary and authorised representative of the Company since 31 January 2020. Mr. Tse obtained a degree of bachelor of arts in Accounting and Finance from Leeds Beckett University (formerly known as Leeds Metropolitan University). He is a certified public accountant of Hong Kong Institute of Certified Public Accountants. Mr. Tse has over 15 years of experience in business and taxation advisory.

(e) The compliance officer of the Company is Mr. Wang Zhong Sheng, who has been appointed as the compliance officer, chairman of the Board and an executive Director since May 2006.

(f) The Company's audit committee (the "**Audit Committee**") currently comprises all three independent non-executive Directors, namely, Mr. Lau Chun Pong (Chairman), Mr. Xu Yuan Jian and Mr. Wang Zhi He. The primary duties of the Audit Committee are, among others, to review and oversee the financial reporting principles and practices adopted as well as internal control procedures and issues of the Group. It also reviews quarterly, interim and the final results of the Group prior to recommending the same to the Board for consideration. Mr. Lau Chun Pong has appropriate professional qualifications, accounting and financial management expertise as required under the GEM Listing Rules. Set out below are the background of members of the Audit Committee.

Mr. Lau Chun Pong, aged 48, was appointed as an independent non-executive director on November 2017. Mr. Lau graduated from the University of California, Los Angeles with a Bachelor of Arts degree in Business Economics in 1997. Mr. Lau is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lau has extensive experience in accounting, auditing and corporate finance. He was (i) the qualified accountant and company secretary of Shenzhen Mingwah Aohan High Technology Corporation Limited (深圳市明華澳漢科技股份有限公司) (listed on the GEM of the Stock Exchange with stock code: 8301) from April 2005 to May 2006; (ii) the financial controller and company secretary of We Solutions Limited (former names: Ming Fung Jewellery Group Limited and O Luxe Holdings Limited) (listed on the Main Board of the Stock Exchange with stock code: 860) from June 2008 and November 2008 respectively to November 2017; (iii) the group financial controller and company secretary of AV Promotions Holdings Limited (listed on the GEM of the Stock Exchange with stock code: 8419) from June 2018 to June 2019; and (iv) the company secretary of Grand T G Gold Holdings Ltd (大唐潼金控股有限公司) (listed on the GEM of the Stock Exchange with stock code: 8299) from January 2019 to February 2020. Mr. Lau is currently the Company Secretary and Chief Financial Officer of Clifford Modern Living Holdings Limited (listed on the Main Board of the Stock Exchange with stock code: 3686), and the independent non-executive director of China Longevity Group Company Limited (中國龍天集團有限公司) (listed on the Main Board of the Stock Exchange with stock code: 1863).

Mr. Wang Zhi He, aged 74, has been an independent non-executive director of the Company since August 2006. Mr. Wang is a senior accountant. Mr. Wang graduated from Anhui University of Finance and Economics in February 1972, and was assigned to finance department of Anhui Huaibei Mining Bureau and worked as a commissioner, deputy section chief, section chief, deputy director and director. Mr. Wang was transferred to the Ministry of Coal Industry in May 1995, and worked as a director of Asset Capital Management Division and State-owned Assets Management department. In October 1997, Mr. Wang was re-designated as a chief accountant of China Coal Construction Group Corporation, and worked as a deputy general manager and chief accountant in May 1999. Mr. Wang was transferred to Zhonglian Gas Company Limited and worked as a chief accountant in March 2004. Mr. Wang has years of relevant experience.

Mr. Xu Yuan Jian, aged 48, was appointed as an independent non-executive director on August 2019. Mr. Xu graduated from Beijing Normal University with a bachelor's degree in Chemistry in 1994. He pursued the doctorate in the National University of Singapore from 1997 to 2000. Mr. Xu has years of working experience in research areas of organic chemical technology as well as in physiochemical treatment for organic pollutants.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available on the website of the Company at **http://web.iprofpl.com/8270/info_e.html** and on the website of the Stock Exchange from the date of this circular up to and including the date of SGM:

(a) the Sale and Purchase Agreement, being the contract pertaining to the transaction disclosed in this circular; and

(b) this circular.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders (the "**Shareholders**") of China CBM Group Company Limited (the "**Company**") will be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, PRC on Thursday, 10 February 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

"**THAT**

(a) the conditional sale and purchase agreement dated 2 December 2021 (the **"Sale and Purchase Agreement"**) entered into between 廣西聯富商務服務有限公司 (Guangxi Lianfu Business Service Co., Ltd.#) (the "**Vendor A**"), a wholly-owned subsidiary of the Company and 孫桂蘭 (Sun Guilan#) (the "**Vendor B**", together with the Vendor A as the "**Vendors**") as vendors and 廣西銅州能源有限公司 (Guangxi Tongzhou Energy Co., Ltd.#) (the "**Purchaser**") as purchaser in relation to, among others, the sale and purchase of 100% of the registered and paid-up capital of 廣西北流燃氣有限公司 (Guangxi Beiliu Gas Co., Ltd.#) (the "**Target Company**") and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

(b) any one or more director(s) of the Company (the "**Director(s)**") be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary desirable or expedient to carry out and implement the Sale and Purchase Agreement and the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the Directors in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Sale and Purchase Agreement."

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

Hong Kong, 19 January 2022

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Room 20, 19/F
Fortune Commercial Building
362 Sha Tsui Road
Tsuen Wan, Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies.to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.