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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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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)**

## **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND NOTICE OF SPECIAL GENERAL MEETING**

**Financial adviser to the Company**



**Capital 9 Limited**

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A letter from the Board is set out on pages 4 to 10 of this circular. A notice convening the SGM to be held on Monday, 28 March 2022 at 9:30 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.

10 March 2022

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## CHARACTERISTICS OF GEM

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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.

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## DEFINITIONS

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

“Adoption Date”	the date of certificate of a Director confirming that the New Share Option Scheme becomes unconditional
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	board of the Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“close associate”	has the meaning ascribed to it under the GEM Listing Rules
“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)
“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
“Eligible Participants”	(a) any full-time or part-time employee of any member of the Group; or (b) any consultant or adviser of any member of the Group; and/or (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group, to be determined absolutely by the Board
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the directors of the Stock Exchange elected or appointed in accordance with the Articles of Association of the Stock Exchange and, where the context so permits, any committee or sub-committee thereof

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## DEFINITIONS

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“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company together with its subsidiaries, and “members of Group” shall mean the Company and/or any of its subsidiary(ies)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“inside information”	has the meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Latest Practicable Date”	4 March 2022, being the latest practicable date for ascertaining certain information contained in this circular
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the SGM
“Offer”	an offer for the grant of an Option made in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option Holder(s)”	the holder of an Option or Options under the New Share Option Scheme
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for new Share(s) under the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme

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## DEFINITIONS

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“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“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
“Previous Share Option Scheme”	the share option scheme adopted by the Company by Shareholders’ approval on 18 May 2011
“SGM”	the special general meeting of the Company to be convened and held on Monday, 28 March 2022 for the purpose of considering and, if thought fit, approving, among other things, the adoption of the New Share Option Scheme 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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

*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

10 March 2022

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME**

#### **INTRODUCTION**

The Company proposes to adopt the New Share Option Scheme subject to, among others, the approval by the Shareholders at the SGM.

The purpose of this circular is to provide you with details regarding the adoption of the New Share Option Scheme 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.

#### **ADOPTION OF THE NEW SHARE OPTION SCHEME**

##### **Expiry of the Previous Share Option Scheme**

Pursuant to the ordinary resolution passed by the Shareholders on 18 May 2011, the Company adopted the Previous Share Option Scheme. Under the Previous Share Option Scheme, the Board may offer options to the eligible persons prescribed in the Previous Share Option Scheme in its discretion. As at the Latest Practicable Date, the Company had granted 32,119,074

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## LETTER FROM THE BOARD

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options under the Previous Share Option Scheme to subscribe for an aggregate of 32,119,074 Shares, of which no options had been exercised and all the 32,119,074 options have been lapsed, resulting in no options remained outstanding. The Previous Share Option Scheme has expired on 18 May 2021 and no further new options may be granted under the Previous Share Option Scheme.

There is no material difference in terms between the Previous Share Option Scheme and the New Share Option Scheme to be adopted.

### **Adoption of the New Share Option Scheme**

The Previous Share Option Scheme has expired. The Directors considered that the New Share Option Scheme, which will be valid for 10 years from the Adoption Date, will provide the Company with more flexibility in long term planning of granting of the share options to Eligible Participants and also provides appropriate incentives or rewards to suitable and eligible persons for their contributions or potential contributions to the Group.

The purpose of the New Share Option Scheme is to provide incentives and/or rewards to Eligible Participants for their contribution to the growth of the Group and continuing efforts to promote the interests of the Group, and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

Whilst the scope of the Eligible Participants does not limit to the employees and directors of the Group, the Company considers that there can be circumstances when the other Eligible Participants would make contribution to the Group. As the purpose of the New Share Option Scheme is to recognize contributions made and to be made to the growth and development of the Group, the Company is of the view that the wide scope of Eligible Participants will allow flexibility to provide incentives to those Eligible Participants who will contribute to the Group. In particular, consultants and advisers of the Group may provide valuable advices to the Group and they can be eligible to the Options in light of such advices. The Company will not grant Options to persons who would not or may not contribute to the Group.

In assessing the eligibility of an Eligible Participant other than directors or employees of the Group, the Board will take into account a wide range of factors, including but not limited to, the scale of their business dealings with the Group (in terms of fees payable to them, if applicable), the length of business relationships between them and the Group, the positive impacts they have brought on the Group's business development and as incentive for the future contributions of the advisors and consultants. The Company will consider the usual fees chargeable by other advisors and consultants in the market and the contribution of the advisors and consultants in considering whether to grant Options to them.

In the coming 12 months, the Company plans to grant 15,000,000 Options to Capital 9 Limited ("**Capital 9**") in lieu of fee for its advisory services provided for the proposed adoption of the New Share Option Scheme.



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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, the ultimate beneficial owners of Capital 9 are Mr. Wu Jun and Ms. Zheng Yun, and Capital 9 and its ultimate beneficial owners are independent third parties. Capital 9 acts as the corporate financial advisor to the Company for the proposed adoption of the New Share Option Scheme and the advisory services cover review and comment on the relevant documentations and provision of corporate financial advices to the Company including but not limited to relevant compliance requirements under the GEM Listing Rules. The Options to be granted to Capital 9 will be based on the market price as at the time of grant in accordance with the terms of the New Share Option Scheme and the exercise period shall be 10 years.

Capital 9 has been acting as corporate financial advisor of the Company for a number of transactions. The Company has established business relationship with Capital 9 and recognized the past contribution of Capital 9. Furthermore, the Options can serve as incentive to Capital 9 for their continuing contribution to the Group in future. In light of that Capital 9 will receive the Options in lieu of fee for its advisory services provided for the proposed adoption of the New Share Option Scheme and having taken into account of the aforesaid considerations, the Company considers that the terms of the Options to be granted is justifiable.

Save as disclosed above, the Company has no other concrete plan to grant Options under the New Share Option Scheme as at the Latest Practicable Date.

The Company has sought legal advices in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance is not applicable.

Based on the above, the Board considers that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole, and would enable the purpose of the New Share Option Scheme to be achieved.

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix to this circular. A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company at [http://web.iprofpl.com/8270/info\\_e.html](http://web.iprofpl.com/8270/info_e.html) for a period of not less than 14 days before the date of the SGM and is also made available for inspection at the SGM.

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## LETTER FROM THE BOARD

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### Conditions Precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

1. the GEM Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
2. the passing of the necessary resolution to approve the adoption of the New Share Option Scheme by the Shareholders at the SGM.

Under the New Share Option Scheme, the Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, the New Share Option Scheme does not stipulate a minimum period for which an Option must be held, or any performance targets a Grantee is required to achieve before an Option may be exercised or subscription price for such Option. The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board to offer meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group.

### Maximum number of Shares subject to the New Share Option Scheme

The maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Company which may be adopted hereinafter must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of adoption of the New Share Option Scheme or any other share option scheme of the Company (as the case may be). The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the New Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

As at the Latest Practicable Date, the number of issued Shares was 2,078,000,248 Shares. Assuming that there is no change in the number of issued Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme would be 207,800,024 Shares. The number of 207,800,024 Options under the New Share Option Scheme represents approximately 10% of the issued share capital of the Company as at the Latest Practicable Date, which is below the 30% limit as abovementioned.

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## LETTER FROM THE BOARD

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None of the Directors is and will be trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the New Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the New Share Option Scheme at the SGM.

The Company will, where applicable, comply with the applicable requirements under Chapter 23 of the GEM Listing Rules in respect of the operation of the New Share Option Scheme.

### **Value of the Options**

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include the subscription price payable for the Shares upon the exercise of the Options, whether or not Options will be granted under the New Share Option Scheme, and if so, the number of Options to be granted and the timing of the granting of such Options, the period during which the subscription rights may be exercised and any other conditions that the Board may impose with respect to the Options and whether or not such Options if granted will be exercised by the Option Holders. Accordingly, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

### **Application for Listing**

Application will be made to the GEM Listing Committee for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Option that may be granted under the New Share Option Scheme.

### **Competing Interest**

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.

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## LETTER FROM THE BOARD

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### SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. The SGM will be convened at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, PRC on Monday, 28 March 2022 at 9:30 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at the same venue and on the same day) for the purpose of, considering and, if thought fit, approving the adoption of the New Share Option Scheme.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required under the GEM Listing Rules to abstain from voting on any resolution to be proposed at the SGM as set out in the notice of the SGM.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hand. Therefore, the proposed resolution put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

### RECOMMENDATION

The Directors believe that the adoption of the New Share Option Scheme and the transactions contemplated thereunder are in the best interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM.

### RESPONSIBILITY STATEMENT

This circular, 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

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

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

*The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the SGM, but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:*

## **1. PURPOSE**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

## **2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

## **3. GRANT AND ACCEPTANCE OF OPTIONS**

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (4) below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representative(s) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

A nominal consideration of HK\$1.00 is payable by the Grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

#### 4. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES

An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her Personal Representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his or her Personal Representative(s)) a share certificate for the Shares so allotted.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the New Share Option Scheme or under the relevant laws or the memorandum of association of the Company and the Articles in effect from time to time.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and

- (c) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (6) or (7), for the purposes of the above (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

## 5. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

- (a) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- (b) Subject to the limit mentioned in (5)(a) above, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (c) and (d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (c) Subject to the limit mentioned in (5)(a) above, the Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit under the New Share Option Scheme, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the total number of Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company in force (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating this limit. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules.
- (d) Subject to the limit mentioned in (5)(a) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of Options to be granted, the purpose of



granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules.

- (e) If the Company (or the subsidiary) conducts a share consolidation or sub-division after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under this Scheme and options to be granted under any other share option schemes of the Company (or the subsidiary) under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same.

## **6. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR ASSOCIATES**

Any grant of Options to a Director, a chief executive or substantial shareholder of the Company (as defined under the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

Where Options are proposed to be granted to a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any twelve (12) month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) the number and terms of the Options to be granted; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director, or any of their respective associates.

**7. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT**

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant), and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

**8. TIME OF EXERCISE OF OPTIONS**

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

**9. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

Grant of Options may not be made:

- (a) after inside information has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules; and

- (b) during the period commencing from one (1) month immediately preceding the earlier of:
- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
  - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules)

and ending on the date of the results announcements.

For the avoidance of doubt, in compliance with the GEM Listing Rules, a Director must not deal in any securities of the Company (and no Options may be granted to a Director) on any day on which its financial results are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in Rule 5.67 of the GEM Listing Rules.

## **10. RIGHTS ARE PERSONAL TO GRANTEES**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

## **11. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP**

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of

any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination and not be exercisable.

## **12. RIGHTS ON DEATH**

If the Grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full, and where the Grantee is an employee or a director of the Group, none of the events referred to in paragraph (11) above as ground for termination of his or her employment or directorship arises, his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) within a period of twelve months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs (16) to (18) below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs (16) to (18) respectively.

## **13. RIGHTS ON ILL-HEALTH OR RETIREMENT**

If the Grantee of an Option is an employee or a director of the Group before exercising the Options in full and ceases to be an Eligible Participant by reason of ill-health or retirement as an employee in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (16) to (18) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (16) to (18) respectively.

## **14. RIGHTS ON CESSATION FOR OTHER REASONS**

If the Grantee of an Option who is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (12) and (13) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

## **15. RIGHTS ON BREACH OF CONTRACT**

If the Grantee of an Option who is a consultant or adviser of any member of the Group cease to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Group, or termination of his/her/its engagement or appointment, in the absolute determination of the Board or the Board in its sole and absolute opinion believes such Grantee has become a competitor of the Group, or the Grantee has become bankrupt or has become insolvent or has made any arrangement or composition with his/her/its creditors generally, has committed any serious misconduct, or has been convicted of any criminal offence

(other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), the Options (to the extent not already exercised) shall lapse on the date of the Board's determination and not be exercisable.

*Note:* Paragraphs 11, 13 and 14 do not apply to a Grantee who is not an employee or a director of the Group. Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.

## **16. RIGHTS ON A GENERAL OFFER**

In the event of a general or partial offer being made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

## **17. RIGHTS ON WINDING UP**

In the event a notice is given by the Company to its members to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all Grantees and any Grantee or his or her Personal Representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

## **18. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT**

If a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to summon a meeting to consider such a scheme or arrangement and any Grantee or his or her Personal Representative(s) may by notice in writing to the Company (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting), accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business

Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof.

#### **19. CANCELLATION OF OPTIONS**

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and issues new ones to the same holder of the Option, the issue of such new Options may only be made under a scheme with available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit.

#### **20. EFFECT OF ALTERATIONS TO SHARE CAPITAL**

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the New Share Option Scheme or any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such alterations shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

#### **21. RANKING OF SHARES**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

**22. DURATION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls 10 years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

**23. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME**

- (a) The provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (c) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (d) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

**24. CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee granting approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under the New Share Option Scheme; and
- (b) the passing of ordinary resolutions at the SGM approving the adoption of the New Share Option Scheme.

**25. LAPSE OF OPTIONS**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;

- (b) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (11) to (18);
- (c) the date of the commencement of the winding-up of the Company.

## **26. TERMINATION**

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

## **27. MISCELLANEOUS**

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (20) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.



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## NOTICE OF SGM

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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)**

#### 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 Monday, 28 March 2022 at 9:30 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:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of the Company (the “**Share(s)**”) falling to be allotted and issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the director(s) of the Company be and are hereby authorised to grant options and to allot, issue and deal in the Shares as may be required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and
- (b) the aggregate number of Shares to be allotted and issued pursuant to (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution”

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

Hong Kong, 10 March 2022

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## NOTICE OF SGM

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*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 need 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.