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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 SHARE PREMIUM REDUCTION**

The Board intends to put forward for approval by the Shareholders at the SGM a proposal to reduce the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

The Share Premium Reduction is subject to, among other matters, the passing of a special resolution by the Shareholders at the SGM. A circular of the Company containing, among other matters, details of the Share Premium Reduction and a notice convening the SGM is expected to be despatched to the Shareholders on or before 9 February 2023.

### **PROPOSAL**

The Board intends to put forward for approval by the Shareholders at the SGM a proposal to reduce the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

### **REASON FOR THE SHARE PREMIUM REDUCTION**

Under the Companies Act, where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium on those Shares shall be transferred to the Share Premium Account (except in the case of an exchange of Shares the excess value of the shares acquired over the nominal value of the Shares being issued may be credited to the Contributed Surplus Account). The Company shall not declare or pay a dividend or make a distribution out of the Share Premium Account.

Pursuant to the Companies Act and the Bye-laws, subject to compliance with the conditions stated in the relevant provisions, the Company may make distributions to the Shareholders out of the Contributed Surplus Account. The Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company, thereby giving the Company greater flexibility in making distributions to the Shareholders out of the Contributed Surplus Account in the future as the Board

considers appropriate. Subject to approval by the Shareholders of the Share Premium Reduction, the amount standing to the credit of the Contributed Surplus Account may be used to set off the accumulated losses of the Company that may arise from time to time.

The Board therefore considers that the Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

## **EFFECTS OF THE SHARE PREMIUM REDUCTION**

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company, or any reduction in the nominal value of the Shares or alteration of the trading arrangements concerning the Shares.

Save for the expenses to be incurred by the Company in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

Based on the audited financial statements of the Company as at 31 December 2021, the amounts standing to the credit of the Share Premium Account and the Contributed Surplus Account as at 31 December 2021 were approximately RMB142,284,000 and RMB584,838,000 respectively while the accumulated losses of the Company as at 31 December 2021 amounted to approximately RMB600,763,000. The balances of the Share Premium Account and the Contributed Surplus Account have not changed since 31 December 2021 and up to the date of this announcement.

## **CONDITIONS OF THE SHARE PREMIUM REDUCTION**

The Share Premium Reduction is conditional upon:

- (a) the passing of a special resolution by the Shareholders approving the Share Premium Reduction at the SGM; and
- (b) compliance with the requirements of section 46(2) of the Companies Act to effect the Share Premium Reduction, including but not limited to (i) the publication of a notice in relation to the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the Effective Date and (ii) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date would be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the conditions above, the Share Premium Reduction will be completed and become effective on the Effective Date.

## GENERAL

The Share Premium Reduction is subject to, among other matters, the passing of a special resolution by the Shareholders at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the special resolution approving the Share Premium Reduction.

A circular of the Company containing, among other matters, details of the Share Premium Reduction and a notice convening the SGM is expected to be despatched to the Shareholders on or before 9 February 2023.

## ADOPTION OF REVISED DIVIDEND POLICY

Pursuant to Rule 17.10(2)(a) of the GEM Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) concerning disclosure of inside information, the Board announces that it has approved on 16 January 2023 to adopt the revised dividend policy of the Company (the "**Dividend Policy**") as set out below, in place of the dividend policy as disclosed in the Company's 2021 annual report:

Declaration of dividends by the Company is subject to compliance with applicable laws of Bermuda and the Bye-laws. In determining whether to propose a dividend and the dividend amount, the Board will take into account a number of factors, including but not limited to the Group's financial performance and cashflow, distributable reserves, operation and liquidity requirements, current and future development plans and funding needs, restrictions under any loan covenants as well as prevailing economic and market conditions. The distribution of dividends to Shareholders can be by way of cash or scrip or partly by cash or scrip or in such other manner as determined by the Board from time to time.

Subject to the factors described above, there is no assurance that dividends will be paid in any particular amount or manner for any period and the dividend pay-out ratio may vary from year to year. The Board will continually review the Dividend Policy and, if considered appropriate, may modify, amend and change the Dividend Policy at any time.

**Shareholders and potential investors of the Company should note that the Share Premium Reduction is conditional upon satisfaction of the conditions set out in this announcement. Therefore, the Share Premium Reduction may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## DEFINITIONS

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

“Board”	the board of the Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	China CBM Group Company Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Contributed Surplus Account”	the contributed surplus account of the Company
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being (subject to compliance with section 46(2) of the Companies Act) the first business day immediately following the date of passing of the special resolution to approve the Share Premium Reduction at the SGM
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Share Premium Reduction
“Share Premium Account”	the share premium account of the Company

“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account as at the date of SGM to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the laws of Bermuda and the Bye-laws
“Share(s)”	ordinary share(s) of HK\$0.08 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

On behalf of the Board  
**China CBM Group Company Limited**  
**Wang Zhong Sheng**  
*Chairman*

Hong Kong, 16 January 2023

*As at the date of this announcement, the executive Directors are Mr. Wang Zhong Sheng and Mr. Chang Jian, the non-executive Directors are Mr. Duan Shi Chuan, Mr. Wang Chen and Mr. Liang Feng and the independent non-executive Directors are Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian.*

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

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication and the website of the Company at <https://mediumir.com/c08270/en/index.php>.*