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: 08270)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2014

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This announcement, for which the directors (the "Directors") of China CBM Group Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication.

HIGHLIGHTS

- For the year ended 31 December 2014, the Group's turnover amounted to approximately RMB301,119,000, representing an increase of 60.87% over that of the year ended 31 December 2013.

- For the year ended 31 December 2014, the Group's loss for the year amounted to approximately RMB342,316,000, whereas there was a loss of approximately RMB278,761,000 for the year ended 31 December 2013.

- For the year ended 31 December 2014, the Group's loss per share was RMB27.35 cents (2013: RMB43.34 cents).

- The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2014.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company announces the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 (the "Year") together with the comparative figures for the year ended 31 December 2013 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*3*	**301,119**	187,184
Cost of sales		**(274,791)**	(211,469)
Gross profit/(loss)		**26,328**	(24,285)
Other revenue and net income	*4*	**503**	4,686
Selling and distribution costs		**(5,540)**	(2,333)
Administrative expenses		**(47,198)**	(49,686)
Other operating expenses		**(38,652)**	(4,578)
Loss on extinguishment of financial liability		**(57,024)**	—
Finance costs	*6(c)*	**(16,057)**	(27,657)
Impairment loss on goodwill		**(104,298)**	(163,000)
Impairment loss on intangible assets		**(138,702)**	(25,000)
Loss before taxation	*6*	**(380,640)**	(291,853)
Income tax credit	*7*	**38,324**	13,092
Loss for the year		**(342,316)**	(278,761)
Attributable to:			
Equity shareholders of the Company		**(333,348)**	(271,440)
Non-controlling interests		**(8,968)**	(7,321)
		(342,316)	(278,761)
		RMB	*RMB* (Restated)
Loss per share	*8*		
— Basic		**(27.35) cents**	(43.34) cents
— Diluted		**(27.35) cents**	(43.34) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Loss for the year	**(342,316)**	(278,761)
Other comprehensive expense for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(7,391)**	(1,636)
Total comprehensive expense for the year	**(349,707)**	(280,397)
Total comprehensive expense attributable to:		
Equity shareholders of the Company	**(340,739)**	(273,076)
Non-controlling interests	**(8,968)**	(7,321)
	(349,707)	(280,397)

Consolidated Statement of Financial Position
At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Goodwill	9	**—**	104,298
Property, plant and equipment		**872,877**	782,941
Prepaid lease payments for land under operating leases		**32,689**	33,499
Intangible assets	10	**141,661**	309,988
Deposits and prepayments		**66,365**	67,055
Deferred tax assets		**88**	141
		1,113,680	1,297,922
Current assets			
Prepaid lease payments for land under operating leases		**810**	810
Financial assets at fair value through profit or loss		**200**	200
Inventories		**9,833**	7,875
Trade and other receivables	11	**112,770**	180,208
Tax recoverable		**2,000**	2,000
Cash and cash equivalents		**43,930**	17,656
		169,543	208,749
Current liabilities			
Trade and other payables	12	**380,063**	357,163
Bank and other borrowings due within one year		**87,500**	162,751
Obligations under finance leases		**29,145**	33,106
Provision		**4,546**	3,430
Tax payable		**2,901**	13,671
		504,155	570,121
Net current liabilities		**(334,612)**	(361,372)
Total assets less current liabilities		**779,068**	936,550
Non-current liabilities			
Bank borrowing		**—**	3,000
Obligations under finance leases		**1,255**	30,400
Deferred tax liabilities		**42,737**	82,401
		43,992	115,801
Net assets		**735,076**	820,749
Capital and reserves			
Share capital		**9,432**	47,333
Reserves		**719,290**	758,094
Equity attributable to equity shareholders of the Company		**728,722**	805,427
Non-controlling interests		**6,354**	15,322
Total equity		**735,076**	820,749

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	**Share premium** *RMB'000*	**General reserve** *RMB'000*	**Translation reserve** *RMB'000*	**Contributed surplus** *RMB'000*	**Share option reserve** *RMB'000*	**Convertible bonds reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2013	34,828	878,366	2,412	1,506	—	30,763	241,209	(189,024)	1,000,060	22,643	1,022,703
Loss for the year	—	—	—	—	—	—	—	(271,440)	(271,440)	(7,321)	(278,761)
Other comprehensive expense for the year	—	—	—	(1,636)	—	—	—	—	(1,636)	—	(1,636)
Total comprehensive expense for the year	—	—	—	(1,636)	—	—	—	(271,440)	(273,076)	(7,321)	(280,397)
Issue of new shares											
— Share placement	3,227	77,454	—	—	—	—	—	—	80,681	—	80,681
— Conversion of convertible bonds	9,278	231,931	—	—	—	—	(241,209)	—	—	—	—
Transaction costs attributable to issue of new shares	—	(2,830)	—	—	—	—	—	—	(2,830)	—	(2,830)
Equity-settled share based payments	—	—	—	—	—	592	—	—	592	—	592
Lapse of share options	—	—	—	—	—	(506)	—	506	—	—	—
Transfer to general reserve	—	—	2,682	—	—	—	—	(2,682)	—	—	—
Balance at 31 December 2013	47,333	1,184,921	5,094	(130)	—	30,849	—	(462,640)	805,427	15,322	820,749
Loss for the year	—	—	—	—	—	—	—	(333,348)	(333,348)	(8,968)	(342,316)
Other comprehensive expense for the year	—	—	—	(7,391)	—	—	—	—	(7,391)	—	(7,391)
Total comprehensive expense for the year	—	—	—	(7,391)	—	—	—	(333,348)	(340,739)	(8,968)	(349,707)
Issue of new shares											
— Placing and subscription	8,438	159,624	—	—	—	—	—	—	168,062	—	168,062
— Open Offer	24,923	74,769	—	—	—	—	—	—	99,692	—	99,692
Transaction costs attributable to issue of new shares	—	(3,720)	—	—	—	—	—	—	(3,720)	—	(3,720)
Capital Reorganisation	(71,262)	(1,312,743)	—	—	1,384,005	—	—	—	—	—	—
Transfer	—	—	—	—	(799,167)	—	—	799,167	—	—	—
Transfer to general reserve	—	—	3,179	—	—	—	—	(3,179)	—	—	—
Balance at 31 December 2014	**9,432**	**102,851**	**8,273**	**(7,521)**	**584,838**	**30,849**	**—**	**—**	**728,722**	**6,354**	**735,076**

Notes:

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Going concern

The Group incurred a net loss of approximately RMB342,316,000 during the year ended 31 December 2014 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB334,612,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors of the Company had adopted the going concern basis in the preparation of the consolidated financial statements of the Group based on the following factors:

(1) other borrowings of approximately RMB54,500,000 were due for repayment within 12 months in accordance with the loan agreements entered into between the Group and non-controlling shareholders of subsidiaries of the Company. However, prior to the date of approval of these consolidated financial statements, these borrowings had been rolled over for a further 12 months and will be due for repayment after 31 December 2015. Up to the date of approval of these consolidated financial statements, the non-controlling shareholders of subsidiaries of the Company have not indicated their intention to withdraw the credit facilities granted to the Group;

(2) Mr. Wang Zhong Sheng ("Mr. Wang"), a substantial shareholder, the chairman of the Board and executive Director of the Company, has confirmed to provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due in the foreseeable future;

(3) the management is formulating, and will implement, cost saving measures to improve the Group's financial performance and cash flows; and

(4) subsequent to the end of the reporting period, the Group entered into a conditional finance lease agreement on 28 January 2015 in relation to the sale and lease back of equipments for a total consideration of RMB98,000,000 (equivalent to approximately HK$124,051,000).

Provided that these measures can successfully improve the liquidity of the Group, the Directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Group does not qualify to be an investment entity.

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal.

Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these consolidated financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these consolidated financial statements as the guidance is consistent with the Group's existing accounting policies.

The directors consider that other than the additional disclosures, the adoption of the amendments to HKFRSs has no material effect on the Group's consolidated financial statements.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these consolidated financial statements.

Amendments to HKAS 19, *Defined Benefits Plans: Employee Contributions*[1]
Annual Improvements to HKFRSs 2010 — 2012 Cycle[1]
Annual Improvements to HKFRSs 2011 — 2013 Cycle[1]
Amendments to HKFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*[2]
Amendments to HKAS 16 and HKAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
HKFRS 15, *Revenue from Contracts with Customers*[3]
HKFRS 9, *Financial Instruments*[4]

1 Effective for accounting periods beginning on or after 1 July 2014.
2 Effective for accounting periods beginning on or after 1 January 2016.
3 Effective for accounting periods beginning on or after 1 January 2017.
4 Effective for accounting periods beginning on or after 1 January 2018.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application but is not yet in a position to state whether those amendments and new standards would have a significant impact on the Group's or the Company's results of operations and financial position.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements of the Group.

3. TURNOVER

Turnover represents the sales value of goods supplied and services provided to customers, which excludes value-added tax and business tax and trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Sales of liquefied coalbed gas	**218,908**	132,560
Provision of liquefied coalbed gas logistics services	**54**	6,830
Sales of piped natural gas		
(including provision of gas supply connection services)	**82,157**	47,794
	301,119	187,184

4. OTHER REVENUE AND NET INCOME

	2014	2013
	RMB'000	*RMB'000*
Interest income from bank deposits	**56**	47
Gain on disposal of property, plant and equipment	**—**	2,148
Reversal of impairment loss on trade and other receivables	**209**	1,050
Other income	**238**	1,441
	503	4,686

5. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the Company's Board, for the purpose of resources allocation and performance assessment. The CODM reviews the Group's internal reporting, assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance of exploitation, liquefaction production and sale of natural gas in the People's Republic of China ("PRC"). Therefore, the CODM considers there is only one operating segment under the requirements of HKFRS 8 *Operating Segments*. In this regard, no segment information is presented.

Additional disclosure in relation to segment information is not presented as the CODM assess the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total segment result is equivalent to total comprehensive expense for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

(a) Geographical information

The Group principally operates in Hong Kong and the PRC.

The Group's turnover from external customers and information about its non-current assets by geographical locations are detailed below:

	Turnover from external customers		Non-current assets*	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**—**	—	**1,485**	304
PRC	**301,119**	187,184	**1,112,107**	1,297,477
	301,119	187,184	**1,113,592**	1,297,781

* Non-current assets excluding deferred tax assets.

(b) Information about major customers

Turnover from customers of corresponding years contributing over 10% of total revenue of the Group is as follows:

	2014	2013
	RMB'000	*RMB'000*
Customer A	**54,019**	32,567
Customer B	**30,166**	N/A[1]
Customer C	**39,619**	39,764
	123,804	72,331

1 The corresponding revenue did not contribute over 10% of the total turnover of the Group.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2014 *RMB'000*	2013 *RMB'000*
(a) Staff costs (including directors' and chief executive's emoluments)		
Salaries, wages and other benefits	**23,091**	23,543
Retirement benefit schemes contributions	**3,221**	3,231
Equity-settled share-based payment expenses	**—**	394
Total staff costs *	**26,312**	27,168

* Amount excluded staff costs capitalised in construction in progress of approximately RMB217,000 (2013: RMB473,000)

	2014 *RMB'000*	2013 *RMB'000*
(b) Other items		
Cost of inventories	**158,312**	88,900
Auditors' remuneration		
— audit services	**1,431**	1,437
— non-audit services	**230**	163
Depreciation of property, plant and equipment	**55,482**	38,341
Equity-settled share-based payment expenses in respect of share options granted to consultants	**—**	24
Amortisation of prepaid lease payments for land under operating leases	**810**	810
Amortisation of intangible assets (included in cost of sales)	**29,627**	30,243
Impairment of trade and other receivables (included in other operating expenses)	**340**	3,843
Net foreign exchange loss	**534**	291
Compensation fee on preliminary exploration (included in other operating expenses)	**30,000**	—
Loss on disposal of property, plant and equipment (included in other operating expenses)	**864**	—
Operating lease charges in respect of land and buildings	**551**	923

	2014 *RMB'000*	2013 *RMB'000*
(c) Finance costs		
Interest expenses on bank and other borrowings wholly repayable within five years	**10,143**	15,010
Other finance costs	**152**	970
Finance charges on obligations under finance leases	**5,762**	11,677
Total interest expense on financial liabilities not at fair value through profit or loss	**16,057**	27,657

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2014 *RMB'000*	2013 *RMB'000*
Current tax — PRC Enterprise Income Tax ("EIT")		
Provision for the year	**747**	424
Under-provision in respect of prior years	**540**	27
	1,287	451
Deferred tax		
Origination and reversal of temporary differences	**(39,611)**	(13,543)
Income tax credit	**(38,324)**	(13,092)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

During the year, the Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and, accordingly, is exempted from payment of the Bermuda income tax.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2014 (2013: 16.5%). No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the year ended 31 December 2014 (2013: Nil).

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity shareholders of the Company is based on the following data:

	2014	2013
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to equity shareholders of the Company for the purposes of basic and diluted loss per share	**(333,348)**	(271,440)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares at 31 December for the purposes of basic and diluted loss per share	**1,218,708**	626,241

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the years ended 31 December 2013 and 2014 has been adjusted to reflect the bonus element of the open offer completed during the year ended 31 December 2014 and the effect of the consolidation of shares.

Diluted loss per share attributable to equity shareholders of the Company for the years ended 31 December 2013 and 2014 is the same as the basic loss per share as the effect of dilutive potential ordinary shares from share options and convertible bonds are anti-dilutive.

9. GOODWILL

	RMB'000
Cost:	
At 1 January 2013, 31 December 2013 and 2014	344,100
Accumulated impairment losses:	
At 1 January 2013	76,802
Impairment loss	163,000
At 31 December 2013 and 1 January 2014	239,802
Impairment loss	104,298
At 31 December 2014	344,100
Carrying amount:	
At 31 December 2014	**—**
At 31 December 2013	104,298

10. INTANGIBLE ASSETS

	Exclusive right for piped natural gas operation *RMB'000*	Operating license for liquefied coalbed gas logistics *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2013, 31 December 2013 and 2014	334,811	97,300	432,111
Accumulated amortisation and impairment			
At 1 January 2013	19,041	47,839	66,880
Impairment loss	25,000	—	25,000
Amortisation for the year	10,783	19,460	30,243
At 31 December 2013 and 1 January 2014	54,824	67,299	122,123
Impairment loss	132,683	6,019	138,702
Amortisation for the year	10,165	19,460	29,625
At 31 December 2014	197,672	92,778	290,450
Carrying amount			
At 31 December 2014	**137,139**	**4,522**	**141,661**
At 31 December 2013	279,987	30,001	309,988

11. TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Trade and bills receivables	**17,795**	17,880
Less: Allowance for doubtful debts	**(5,353)**	(5,562)
	12,442	12,318
Amount due from director	**3,536**	—
Other receivables	**14,781**	6,425
Amounts due from related companies	**11,095**	13,525
Loans and receivables	**41,854**	32,268
Advances to suppliers	**2,848**	2,076
Prepayment relating to construction expenses	**44,978**	123,373
Other prepayments	**18,616**	16,935
Other taxes recoverable	**4,474**	5,556
	112,770	180,208

The ageing analysis of the trade and bills receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**11,133**	4,810
More than 1 month but less than 3 months	**179**	3,144
More than 3 months but less than 6 months	**—**	1,076
More than 6 months but less than 12 months	**—**	3,288
More than 12 months	**1,130**	—
	12,442	12,318

The Group generally allows credit period of 30 to 180 days to its customers. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon the customers' requests.

12. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**82,616**	83,748
Amounts due to directors	**974**	12,113
Amounts due to non-controlling shareholders of subsidiaries	**8,987**	1,569
Accrued expenses and other payables	**47,718**	29,213
Payables for acquisition of property, plant and equipment	**221,210**	215,783
Financial liabilities measured at amortised cost	**361,505**	342,426
Deposits received from customers	**14,980**	13,374
Other taxes payables	**3,578**	1,363
	380,063	357,163

The ageing analysis of the trade payables, based on invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**13,362**	21,955
More than 1 month but less than 3 months	**17,260**	8,570
More than 3 months but less than 6 months	**9,578**	20,837
More than 6 months but less than 12 months	**21,380**	6,724
More than 12 months	**21,036**	25,662
	82,616	83,748

13. DIVIDEND

No dividend has been proposed or declared by the Directors for the year ended 31 December 2014 (2013: Nil).

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT

An extract of the Company's independent auditors' report for the year ended 31 December 2014 is as follows:

"Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated financial statements which indicates that the Group incurred a net loss of approximately RMB342,316,000 during the year ended 31 December 2014 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB334,612,000. These conditions indicate the existence of a material uncertainly that may cast significant doubt about the Group's ability to continue as a going concern."*

* Being Note 1(b) of the notes contained in this annual results announcement

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a consolidated turnover of approximately RMB301,119,000 for the year ended 31 December 2014, representing an increase of approximately 60.87% compared with that of the corresponding period in 2013. The increase was mainly attributable to the increase in production compared to 2014 as a result of the increase in number of coalbed methane ("CBM") wells in production, and China United Coalbed Methane Co., Ltd. ("China United") provided a stable supply of gas in 2014, therefore, the operating income generated from the sales of liquefied coalbed gas has increased by approximately RMB86,348,000.

The Group recorded gross profit of approximately RMB26,328,000 for the year ended 31 December 2014, which was mainly attributable to the increase in the production of liquefied coalbed gas, and the reduction in the production cost of liquefied coalbed gas, resulting in the making of gross profit for the year ended 31 December 2014 as compared with that of the year ended 31 December 2013.

The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2014 of approximately RMB333,348,000 compared with that of approximately RMB271,440,000 for the year ended 31 December 2013. The reasons for the loss are as follows:

(i) the loss of approximately RMB104,298,000 arising from the impairment loss on goodwill was recognised with respect to our operation of coalbed methane exploration and development, natural gas liquefaction and LNG distribution. It was attributable to the decrease in the forecasted number of gas wells of each of the financial years over the forecast period due to a change in the business plan of Huiyang Energy project was designated in 2014. With reduced number of operating gas wells, the gas output from the CBM field are expected to tumble over the forecast period;

(ii) the loss of approximately RMB138,702,000 arising from an impairment on intangible assets of exclusive right for piped natural gas operation in Ruyang County and operating license for liquefied coalbed gas logistics was recognised, as a result of the changes in the business plan of Huiyang New Energy project;

(iii) on 15 May 2014, the Company and the subscribers entered into separate and independent subscription agreements in relation to a 190,220,000 shares subscription. As a result of debt-equity swap, a loss on extinguishment of financial liability of RMB57,024,000 arising from the difference between the share subscription price and the market price of the shares as at the share allotment date was recognised;

(iv) other operating expenses of the Group increased from RMB4,578,000 to RMB38,652,000, which was mainly due to a compensation fee on exploration RMB30,000,000 occurred for the year ended 31 December 2014; and

(v) finance costs decreased by approximately RMB11,600,000 to approximately RMB16,057,000 for the year ended 31 December 2014 as a result of the decrease in bank and other borrowings during the year.

The carrying amount of property, plant and equipment increased from approximately RMB782,941,000 as at 31 December 2014 to approximately RMB872,877,000 as at 31 December 2014. It was mainly attributable to the completion of construction work of gas pipeline placement works, CBM wells and relevant machineries during the year.

The balance of the Group's trade and other payables increased significantly by approximately RMB22,900,000 during the year ended 31 December 2014. This was mainly attributable to the increase in property, plant and equipment as a result of Group's focus on natural gas exploration and extraction business in 2014.

Resources and reserves

Yangcheng Huiyang New Energy Development Company Limited (hereinafter referred to as "Huiyang New Energy") has interest in certain coalbed methane (CBM) properties located at Shanxi Province, the PRC. The Yangcheng area covers approximately 96 km^2 in the Shanxi Province, the PRC. Development within the Yangcheng gas block is focused on the #3 and #15 coal seams. These CBM properties are located at various coal mine areas owned by Shanxi Yangcheng Yangtai Group Industrial Company Limited. Huiyang New Energy is a non-wholly-owned subsidiary of the Group and 60% of its equity interests is held by a wholly-owned subsidiary of the Group.

The movements in the reserves of certain CBM properties as of 31 December 2014 are set out below:

	Reserve evaluation of the CBM properties as at 31 December 2014 Billion of cubic feet ("BCF")	**Reserve evaluation of the CBM properties as at 31 March 2012 BCF**
Total original gas in place on all blocks	2,724	2,724
Net 1P (Proved) reserves	1,419	35
Net 2P (Proved + Probable) reserves	1,869	277
Net 3P (Proved + Probable + Possible) reserves	2,282	2,050

The reserve evaluation of the CBM properties as at 31 March 2012 is the results of evaluation conducted by an independent, US-licensed natural gas reserve engineer, Netherland, Sewell & Associates, Inc. ("NSAI") engaged by the Company in 2011 to evaluate the CBM properties reserves.

Due to the continued development of the gas field blocks owned by the Company, the number and scope of the gas production wells had relatively increased as compared with that of 2012, enabling the Company to collect more data about the CBM properties to evaluate the CBM properties more accurately. Accordingly, the Company engaged an independent professional valuer in the PRC in July 2014 to evaluate certain CBM properties of "Huiyang New Energy" in terms of net 3P (Proved + Probable + Possible) reserves, net 2P (Proved + Probable) reserves and net 1P (Proved) reserves based on substantially the same definitions and guidelines as that of NSAI in 2012. According to the results of the evaluation, the total original gas in place on all blocks was generally unchanged as compared with the evaluation conducted by NSAI in 2012. Based on the current costs for developing wells, the technical department of the Group estimates the capital expenditure for each well to be approximately RMB2.15 million, mainly comprising of road maintenance fees of approximately RMB0.18 million, drilling expenses of approximately RMB1.16 million, well testing fees of approximately RMB0.04 million and costs of equipment and materials of approximately RMB0.77 million.

Gas volumes are expressed in billion of cubic feet (BCF) at standard temperature and pressure bases. The reserves shown in the above table are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance.

Natural gas exploration and extraction

As at 31 December 2014, the Group has completed the ground work and drilling of 269 CBM wells, among which 197 wells were in production, representing an increase in 59 wells in production compared to the end of year 2013. As of the end of 2014, we have completed the ground work and drilling of an aggregate of 269 CBM wells, which is 29 fewer than previously expected. It was mainly attributable to the fact that the Company spent part of funds and put certain efforts in stabilizing and increasing the output of producing wells, which, to some extent, has led to slowdown of construction of new wells. The existing gas-output wells produce approximately 800 cubic meters of gas on average per day. The Group expected that by the end of 2015, the number of total drills and wells in production will reach 311 and 266 respectively and the total gas output will exceed 200,000 cubic meters per day.

Liquefaction operation

As at 31 December, 2014 the production capacity of the Group's LNG remained unchanged at the level of approximately 500,000 cubic meters per day. Compared with the prior year, the raw gas supply has significantly improved with an increasingly growing trend. In the forth quarter of 2014, the average daily production output was over 300,000 cubic meters but the supply constraints in natural gas in the PRC have not unleashed generally. The Group has not yet purchased adequate natural gas to conduct downstream liquefaction accordingly. The utilization rate of our LNG plants increased substantially but the production capacity had not achieved its full potential and there is still room for growth. However, with the increase in production output of Huiyang Natural Gas Region and the expected increase of the supply from other gas suppliers, the production capacity of the utilization rate of Qinshui Shuntai LNG plant will gradually increase, which will continue to increase the income, profit and cash flow contribution to the Group.

Marketing and sales

During 2014, the marketing and sales systems did not change significantly and the personnel structure and sales strategies basically remained the same. Affected by the overall economic environment, the sales price during traditional peak periods did not record a substantial increase as the previous year and remained stable, which, to some extent, has affected the sales performance. However, thanks to the increased production output and improved internal management, the overall sales revenue and profit grew substantially in 2014. As such, the sales system, which has been well established over years, was resilient enough to cope with the increased production output of the Company and we have successfully completed our sales target despite the unfavorable overall sales environment. In 2015, we will continue to commit ourselves to gradually boosting our business volume to secure smooth sales channels and to make more contribution to the Group's profitability.

The employees

As at 31 December, 2014, the employees of the Group totaled 502, among which 86 were R&D staff and 205 were project and customer service staff; 187 were administration staff and 24 were marketing and sales staff. During the year, the total staff cost (including the remuneration of the Board Directors) recognised in profit or loss account was approximately RMB26,312,000 (2013: approximately RMB27,168,000). The remuneration and salary packages and dividend policy of the Group were determined based on the individual performance of staff. The Group will continue to provide professional education and training to its staff.

Impairment of goodwill and intangible assets

In 2010 and 2011, the Group acquired 100% equity interest in Million Ideas Group and 100% equity interest of Wealthy Talent Global Group respectively. The consideration for acquisition of Million Ideas Group was RMB178,000,000. Million Ideas Group is principally engaged in the provision of liquefied coalbed gas logistics services in the PRC. The consideration for acquisition of Wealthy Talent Global Group was HK$499,000,000. Wealthy Talent Global Group is principally engaged in the supply of natural gas and sales of liquefied natural gas ("LNG") in Henan Province.

Although the natural gas business continued to make steady growth and progress when compared to previous years, it is still under development and far behind the expected development schedule. It has not yet contributed satisfactory return to the Group since the acquisition of the abovementioned two groups.

The recoverable amount of Cash Generating Unit ("CGU") of Coalbed methane exploration and development, natural gas liquefaction and LNG distribution was determined with reference to a valuation conducted by an independent valuer, based on income approach. In July 2014, the Company engaged an independent professional valuer to evaluate certain CBM properties of Huiyang New Energy. As a result of an evaluation, the Group changed its business plan, and has emphasised to develop certain area of Huiyang New Energy. As a result of the change in the business plan, the forecasted number of gas wells of each of the financial years over the forecast period will be reduced. With reduced number of operating gas wells, the gas output from the CBM field are expected to tumble over the forecast period.

The Discounted Cash Flow Method has been employed for the valuation of the CGU and there is no change in the valuation method for the valuation as at 31 December 2014 compared to that as at 31 December 2013. The discount rate used in the valuation of the CGU slightly changed from 20.88% as at 31 December 2013 to 20.72% as at 31 December 2014 to reflect specific risks relating to the overall market as well as the relevant businesses and consistent with external sources of information.

As such, the impairment loss on goodwill of approximately RMB104 million which arose from the difference between the aggregate carrying amounts of goodwill and the recoverable amount of the cash generating unit of coalbed methane exploration and development, natural gas liquefaction and LNG distribution as at 31 December 2014, and an impairment loss of intangible assets of approximately RMB139 million in respect of the exclusive right for piped natural gas operation in Ruyang County and operating licence for liquefied coolbed gas logistics were recognised for the year ended 31 December 2014.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2014, the Group had net assets of approximately RMB735,076,000, including cash and bank balances of approximately RMB43,930,000. To minimise financial risks, the Group implements stringent financial and risk management strategies and avoids the use of highly-geared financing arrangements. The Group's gearing ratio, calculated by the Group's total external borrowings divided by its shareholders' fund, was approximately 16.18% for the year ended 31 December 2014 (2013: 28.46%).

The Group is opportunistic in obtaining financing to further improve the cash position given that the natural gas drilling program is capital intensive. If the Group has adequate financing in the future (whether it is from internal cash flow due to increased gas sales, or from fund raising), the Group will accelerate the drilling program. Apart from the intended investment in upstream CBM exploration and extraction, the Group does not have any other plan for acquisition or investment, disposal or scale-down of any current business.

Risk in Foreign Exchange

The group entities collect most of the revenue and incur most of expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

During the year ended 31 December 2014, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group.

OUTLOOK

The upstream business of the Company is improving steadily and the well mouth construction and gas output are both increasing constantly. During 2014, apart from constructing new wells, the Company made technological upgrade to some old wells to improve the production capacity and output, laying a solid foundation for the Company's long-term performance. With the steady increase in the number of upstream wells and gas output, the foundation of the Company's upstream business is increasingly consolidated and the synergy of vertical integration of the Group's business will emerge. In recent years, the unfavorable bottleneck of raw gas shortage will gradually be resolved and the production capacity of liquefaction plants will be fully unleashed. Together with the increase in the proportion of self-produced gas, the Company will gradually become less affected by external factors and the uncontrollable risks involved in the operation of the Company will be reduced. It is projected that by the end of 2015, the daily output of gas exploration business will break through beyond 200,000 cubic meters. The current gas supply of China United has exceeded 200,000 cubic meters while the daily production output of Qinshui Company is expected to reach approximately 450,000 cubic meters in 2015.

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 become more popular, resulting in a keener market demand for natural gas. Although the production capacity of natural gas has been increased significantly in recent years, the projected demand will not be satisfied still. The growth in the demand of natural gas will continue to retain its strong momentum. The situation of operating loss resulting from insufficient natural gas supply has improved significantly and is expected to further improve in the future. The management of the Company will fully seize the opportunities and diligently strive to contribute to the Company's profitability and long-term development.

MAJOR TRANSACTIONS AND EVENTS

Completion of the Subscription

On 20 December 2013, Mr. Wang Zhong Sheng (the chairman of the Company, an executive Director and a substantial shareholder of the Company) ("Mr Wang") and RHB OSK Securities Hong Kong Limited ("RHB OSK Securities") entered into a placing agreement, and the Company and Mr. Wang entered into a subscription agreement, pursuant to which (i) RHB OSK Securities has agreed to place, on behalf of Mr. Wang and on a best effort basis, an aggregate of up to 880,000,000 existing Shares (beneficially owned by Mr. Wang) to not less than six placees at the placing price of HK$0.092 per placing share (the "Placing"); and (ii) Mr. Wang has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, the subscription shares equivalent to the number of placing shares successfully placed at the subscription price of HK$0.092 per subscription share (the "Subscription").

The Placing was completed on 30 December 2013. The Subscription took place on 3 January 2014 whereby 880,000,000 Subscription Shares were allotted and issued to Mr. Wang at the subscription price of HK$0.092 per subscription share. The net proceeds from the subscription were approximately HK$79,658,000, and they have been used for (i) repayment of bank and other borrowings, (ii) drilling of wells, (iii) natural gas pipeline construction work, and (iv) general working capital.

For details of the Subscription, please refer to the announcements of the Company dated 22 December 2013 and 3 January 2014.

Results of the Open Offer

On 20 December 2013, the Board proposed to raise not less than approximately HK$109,200,000 and not more than approximately HK$131,700,000, before expenses, by an open offer of not less than 2,730,867,896 offer shares and not more than 3,293,247,896 offer shares at the open offer price of HK$0.04 per offer share, on the basis of one offer share for every two existing shares held on the record date (the "Open Offer"). On 6 February 2014, 3,170,867,896 offer shares were allotted pursuant to the Open Offer. The net proceeds from the Open Offer were approximately HK$123,405,000 (equivalent to approximately RMB97,160,000).

70% of such net proceeds had been applied for the repayment of bank and other borrowings, and the remaining 30% had been used for drilling of wells and natural gas pipeline construction work.

For details of the Open Offer, please refer to the announcements of the Company dated 22 December 2013, 15 January 2014 and 6 February 2014 and the prospectus of the Company dated 15 January 2014.

Refreshment of existing general mandate to issue and allot shares

On 29 January 2014, the Board proposed to seek refreshment of the existing general mandate (the “Existing General Mandate”) for the Directors to allot and issue new shares not exceeding 20% of the issued share capital of the Company as at the date of passing of such resolution by the independent shareholders of the Company. An extraordinary general meeting of the Company has been convened on 17 March 2014 and the proposed refreshment of the existing general mandate was passed by ordinary resolution.

For details of the refreshment of the Existing General Mandate, please refer to the announcements of the Company dated 29 January 2014 and 17 March 2014, and the circular of the Company dated 28 February 2014.

Change of domicile, change of Company name, cancellation of share premium account and capital reorganisation

On 3 March 2014, the Board proposed the following changes (the “Proposed Changes”), subject to the approval of the shareholders at the extraordinary general meeting:

(1) to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the “Change of Domicile”);

(2) to reorganise the share capital of the Company by (i) consolidation of every 10 issued existing shares into one issued consolidated share; and (ii) capital reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.09 on each of the issued consolidated shares such that the nominal value of each issued consolidated share will be reduced from HK$0.10 to HK$0.01 (together referred to as the “Capital Reorganisation”) upon the Change of Domicile becoming effective;

(3) subject to the approval of the Registrar of Companies in Bermuda being obtained, to change the English name of the Company from "China Leason CBM & Shale Gas Group Company Limited" to "China CBM Group Company Limited" and the Chinese name of the Company from "中國聯盛煤層氣頁岩氣產業集團有限公司" to "中國煤層氣集團有限公司" (the "Change of Company Name") upon the Change of Domicile and the Capital Reorganisation becoming effective; and

(4) to cancel the share premium account and transfer credits arising from such cancellation to the contributed surplus account of the Company (the "Cancellation of Share Premium Account").

An extraordinary general meeting of the Company has been held on 9 April 2014 and the Proposed Changes were passed by special resolutions.

The Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and the Change of Domicile became effective on 23 April 2014 (Bermuda time).

The Capital Reorganisation became effective on 12 May 2014 (Hong Kong time). Immediately following the Capital Reorganisation, the authorised share capital of the Company is HK$200,000,000 divided into 20,000,000,000 shares of HK$0.01 each, of which 951,260,368 shares of HK$0.01 each were in issue. The board lot size for trading remains unchanged at 10,000 shares. During the year ended 31 December 2014, the amount in the sum of RMB799,167,000 in the contributed surplus account of the Company have been applied by the Board to set off against the accumulated losses of the Company.

The name of the Company has been changed from "China Leason CBM & Shale Gas Group Company Limited 中國聯盛煤層氣頁岩氣產業集團有限公司" to "China CBM Group Company Limited 中國煤層氣集團有限公司" with effect from 12 May 2014. Following the Change of Company Name, the stock short name of the Company for trading in the shares of the Company on the Stock Exchange has been changed from "CHINA LEASON" to "CHINA CBM" in English, and from "中國聯盛" to "中國煤層氣" in Chinese with effect from 25 June 2014.

For details of the Change of Domicile, Change of Company Name, Cancellation of Share Premium account, and Capital Reorganisation, please refer to the announcements of the Company dated 3 March 2014, 12 March 2014, 9 April 2014, 24 April 2014 and 20 June 2014, and the circular of the Company dated 16 March 2014.

Re-designation and Resignation of Directorship

On 15 April 2014, Mr. Kwok Shun Tim ("Mr Kwok") had been re-designated from an executive Director to a non-executive Director. Mr. Kwok resigned as the non-executive Director with effect from 22 July 2014 due to his personal commitments on his other business. For details of the aforesaid re-designation and resignation of directorship, please refer to the announcements of the Company dated 15 April 2014 and 22 July 2014.

Arranger Agreement in respect of the issue of unlisted, unsecured and fixed rate Notes

On 15 April 2014, the Company and Kingsway Financial Services Group Limited (the "Arranger") entered into an arranger agreement (the "Arranger Agreement") pursuant to which the Company conditionally agreed to appoint the Arranger as the sole arranger during the period from the date of Arranger Agreement up to the date of completion or 14 May 2014 (whichever is earlier) to procure, on a best effort basis, investors to subscribe for the 10% unsecured and unlisted fixed rate notes (the "Notes") for an aggregate principal amount of up to HK$51 million at the issue price of 100% of the principal amount of the Notes (the "Notes Issue"). Upon successful procurement of the investors by the Arranger, a subscription agreement will be entered into between the Company as issuer and each investor as subscriber in respect of the Notes Issue. For details of Arranger Agreement, please refer to the announcement of the Company dated 15 April 2014.

The Company proceeded with the Notes Issue and on 16 April 2014, entered into the subscription agreement with each of the subscribers of the Notes in respect of the Notes Issue. For the details of Notes Issue, please refer to the announcement of the Company dated 16 April 2014.

On 15 May 2014 (after trading hours), the Company and the subscribers (being also the subscribers of the Notes in the aforesaid Arranger Agreement, the "Subscribers")) entered into separate and independent subscription agreements (the "Subscription Agreements"), pursuant to which, the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 190,220,000 subscription shares at a price of HK$0.305 per subscription share under the general mandate.

On 22 May 2014, due to an inadvertent mistake relating to the calculation of subscription price, the Company and the Subscribers entered into separate and independent supplemental deeds to the Subscription Agreements (the "Supplemental Deeds") pursuant to which, the previous subscription price was amended to HK$0.311.

Net proceeds of HK$58,858,000 have been raised from the subscription (being HK$0.311 per subscription share), and has been used for redeeming the Notes issued by the Company to the noteholders in full (including the settlement of the interests accrued to the Subscribers for redemption of Notes pursuant to the instrument) and applied as general working capital.

For details of the Subscription Agreements and the Supplemental Deeds, please refer to the announcement of the Company dated 15 April 2014 and 22 May 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares, underlying shares and debentures of the Company

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 *(Note 1)*	1.59%
	Beneficial owner	Personal	198,442,067 *(Note 2)*	17.38%
Mr. Fu Shou Gang	Beneficial owner	Personal	324,750 *(Note 3)*	0.03%

Notes:

1. 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 SFO (Chapter 571 of the Laws of Hong Kong).

2. Out of the 198,442,067 long positions, Mr. Wang Zhong Sheng is interested as (i) a grantee of options to subscribe for 324,750 shares under the new share option scheme adopted by the Company on 18 May 2011; and (ii) a beneficial owner of 198,117,317 issued shares of the Company.

3. Mr. Fu Shou Gang is interested as a grantee of options to subscribe for 324,750 shares under the new share option scheme adopted by the Company on 18 May 2011.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. The Group had not issued any debentures during the Year.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES AND UNDERLYING SHARES UNDER THE SFO

As at 31 December 2014, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares and underlying shares of the Company

Name	Number of shares	Nature of Interest	Percentage of shareholding
Ms. Zhao Xin *(Note)*	216,560,567	Interest of spouse	18.97%
RHB OSK Finance Hong Kong Limited	197,366,867	Person having a security interest	17.29%

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 31 December 2014, no other person (other than the Directors or chief executive of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under to section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Placing and Subscription", and "Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares" above and in the section "Share Option Scheme" below, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children or chief executive or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 18 May 2011, the Company's share option scheme adopted on 28 July 2003 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted which will remain in force for a period of 10 years from adoption of the New Share Option Scheme and will expire on 17 May 2021. On 30 May 2011, the Board approved to grant options in respect of 258,300,000 ordinary shares to the Company's Directors, employees and consultants under the New Share Option Scheme.

There were no share options that had been granted remained outstanding under the Old Share Option Scheme prior to its termination.

For details of the New Share Option Scheme, please refer to the circular of the Company dated 20 April 2011.

Information in relation to share options disclosed in accordance with the GEM Listing Rules was as follows:

Name and category of participants	As at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Adjusted on 6 February 2014 as a result of the Open Offer *(note iii)*	Adjusted on 12 May 2014 as a result of the capital reorganisation *(note iv)*	As at 31 December 2014	Date of grant of share options	Exercise period of share options	Exercise price of per share as at the date of grant of share options	Exercise price per share option as at 1 January 2014	Adjusted exercise price per share as a result of the Open Offer *(note iii)*	Adjusted exercise price per share as a result of the capital reorganisation
Executive Directors													
Mr. Wang Zhong Sheng	2,500,000	–	–	–	3,247,500	324,750	324,750	30/5/2011	30/5/2011-29/5/2021	0.495	0.495	0.381	3.81
Mr. Fu Shou Gang	2,500,000	–	–	–	3,247,500	324,750	324,750	30/5/2011	30/5/2011-29/5/2021	0.495	0.495	0.381	3.81
	5,000,000	–	–	–	6,495,000	649,500	649,500						
Employees	42,240,000	–	–	–	54,869,760	5,486,976	5,486,976	30/5/2011	30/5/2011-29/5/2021	0.495	0.495	0.381	3.81
Consultants	200,020,000	–	–	–	259,825,980	25,982,598	25,982,598	30/5/2011	30/5/2011-29/5/2021	0.495	0.495	0.381	3.81
	247,260,000	–	–	–	321,190,740	32,119,074	32,119,074						

Notes:

(i) The terms and conditions of the grants that existed during the Review Period are as follows:

	Number of options	Vesting conditions	Contractual life of options
Options granted:			
30 May 2011	215,220,000	Vest immediately	10 years
30 May 2011	43,080,000	Half on each of the first and second anniversaries	10 years

(ii) The number and weighted average exercise prices of options are as follows:

	Weighted average exercise price *HK$*	Number of options
Outstanding as at 1 January 2014 (note iii and note iv)	3.81	32,119,074
Granted during the period	—	—
Outstanding as at 31 December 2014	3.81	32,119,074
Exercisable as at 31 December 2014	3.81	32,119,074

The options outstanding as at 31 December 2014 had an exercise price of HK$3.81 and a weighted average remaining contractual life of 6.4 years.

(iii) As a result of the Open Offer, adjustment has been made, among others, to the number of the share options to subscribe for shares granted and the exercise price of the outstanding share options pursuant to the New Share Option Scheme with effect from 6 February 2014.

After the aforesaid adjustment upon the completion of the Open Offer, the total number of the outstanding share options has been adjusted from 247,260,000 to 321,190,740 on 6 February 2014 and the exercise price of the outstanding share options had been adjusted from HK$0.495 to HK$0.381.

(iv) As a result of the Capital Reorganisation, adjustment has been made, among others, to the number of the share options to subscribe for shares granted and the exercise price of the outstanding share options pursuant to the New Share Option Scheme with effect from 12 May 2014.

After the aforesaid adjustment upon the completion of the Capital Reorganisation, the total number of the outstanding share options has been adjusted from 321,190,740 to 32,119,074 on 12 May 2014 and the exercise price of the outstanding options has been adjusted from HK$0.381 to HK$3.81.

CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

As at the date of this announcement, the Company had outstanding options to subscribe for 32,119,074 shares under the share option scheme adopted on 18 May 2011.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company nor any of its subsidiaries.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause any significant competition with the business as of the Group.

RE-DESIGNATION AND RESIGNATION OF DIRECTORSHIP

Mr. Kwok had been re-designated from an executive Director to a non-executive Director on 15 April 2014. Mr. Kwok resigned as the non-executive Director with effect from 22 July 2014.

POST BALANCE SHEET EVENTS

Finance lease arrangement

On 28 January 2015, Shanxi Qinshui Shuntai Energy Development Company Limited ("Qinshui Energy"), a direct wholly-owned subsidiary of the Company entered into, among other things, the Finance Lease Agreement with CIMC Capital Limited ("CIMC"), pursuant to which (i) Qinshui Energy conditionally agreed to sell and CIMC conditionally agreed to purchase the certain liquefied natural gas equipments ("Equipments") for a total consideration of RMB98,000,000 (approximately HK$124,051,000); and (ii) Qinshui Energy conditionally agreed to lease from CIMC, and CIMC conditionally agreed to lease to Qinshui Energy, the Equipments for a total lease consideration of RMB114,836,400 (approximately HK$145,363,000) for a term of 36 months by monthly installments inclusive of interest with a lump sum handling fee in the sum of RMB980,000 (approximately HK$1,241,000). The lease consideration may be adjusted according to the floating lending interest rate to be promulgated by People's Bank of China from time to time. An extraordinary general meeting of the Company will be convened on 30 March 2015.

As the applicable percentage ratios of the Finance Lease Agreement exceed 25% but less than 100%, the Finance Lease Agreement constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Therefore, the Finance Lease Agreement is subject to the requirements of announcement and the approval of the shareholders by way of poll at the extraordinary general meeting of the Company. An extraordinary general meeting of the Company will be convened on 30 March 2015.

For details of the Finance Lease Arrangement, please refer to the announcements of the Company dated 28 January 2015, and the circular of the Company dated 12 March 2015.

AUDIT COMMITTEE AND AUDITORS

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules on 28 July 2003. 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.

The audit committee comprises the three independent non-executive Directors, namely Mr. Wang Zhi He, Mr. Luo Wei Kun and Ms. Pang Yuk Fong (Chairman).

During the year ended 31 December 2014, the audit committee has held four meetings. The Group's result for the year ended 31 December 2014 have been reviewed and commented by the audit committee members, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the GEM Listing Rules and that adequate disclosures have been made.

CORPORATE GOVERNANCE

During the year ended 31 December 2014 and up to the date of this announcement, save as disclosed below, the Group has complied with all the applicable provisions in the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules (the "Code").

Under the code provision A.2.1 of the Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Prior to the retirement of Mr. Feng San Li on 26 November 2012, Mr. Feng San Li was holding the title of CEO. Mr. Wang Zhong Sheng is the chairman of the Board. After Mr. Feng's retirement, Mr. Wang Zhong Sheng continues to act as the chairman and the duties of the chief executive have been undertaken by the other executive Directors. The Board meets regularly to consider major matters affecting the business and operations of the Group. The Board considers that this structure will balance the power and authority between the Board and management and believes that this structure enables the Group to make and implement decision promptly and efficiently.

Under code provision A.4.1 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. Currently, the independent non-executive Directors have no fixed term of office but are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's bye-laws.

AMENDMENT TO THE TERMS OF REFERENCE OF NOMINATION COMMITTEE

The terms of reference of the nomination committee of the Company was amended on 14 August 2013 to include the review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duty.

REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding securities dealings by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings during the year ended 31 December 2014.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of its independent non-executive Directors are independent.

For the purpose of this announcement and solely for the propose of illustration, all amount in RMB are translated into HK$ at the exchange rate of RMB0.79: HK$1.

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

China, 23 March 2015

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang and Mr. Fu Shou Gang, and the independent non-executive Directors are Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He.

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 Company Announcements" page of the GEM website for at least 7 days from the date of its posting.