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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

The board (“**Board**”) of directors (“**Directors**”) of China CBM Group Company Limited (“**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited Third Quarterly results of the Group for the nine months ended 30 September 2020. This announcement, containing the full text of the 2020 Third Quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of the annual results.

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

China, 13 November 2020

As at the date hereof, 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. Xu Yuan Jian and Mr. Wang Zhi He.

This announcement, for which the Directors 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 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.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This report 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.

香港聯合交易所有限公司（「聯交所」）GEM 的特色

GEM 的定位，乃為中小型公司提供一個上市的市場，此等公司相比其他在聯交所上市的公司帶有較高投資風險。有意投資者應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。

由於 GEM 上市公司普遍為中小型公司，在 GEM 買賣的證券可能會較於聯交所主板買賣的證券承受較大的市場波動風險，同時無法保證在 GEM 買賣的證券會有高流通量的市場。

香港交易及結算所有限公司及聯交所對本報告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本報告的資料乃遵照聯交所 GEM 證券上市規則（「GEM 上市規則」）而刊載，旨在提供有關中國煤層氣集團有限公司（「本公司」）的資料；本公司的董事（「董事」）願就本報告的資料共同及個別地承擔全部責任。各董事在作出一切合理查詢後，確認就其所知及所信，本報告所載資料在各重要方面均屬準確完備，沒有誤導或欺詐成份，且並無遺漏任何其他事項，足以令致本報告所載任何陳述或本報告產生誤導。

本報告將自其刊發日期起最少一連七日載於 GEM 網站 www.hkgem.com 的「最新公司公告」網頁。

FINANCIAL HIGHLIGHTS

財務摘要

- Revenue of the Company together with its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2020 was approximately RMB114,432,000 representing a decrease of approximately 8.11% as compared with the corresponding period in the previous financial year.
- The Group realised a loss attributable to owners of the Company of approximately RMB15,681,000 for the nine months ended 30 September 2020.
- Loss per share of the Company was approximately RMB1.19 cents for the nine months ended 30 September 2020.
- The board of Directors (the “Board”) does not recommend the payment of any dividend for the nine months ended 30 September 2020.
- 本公司及其附屬公司（統稱「本集團」）截至二零二零年九月三十日止九個月之收益約為人民幣114,432,000元，較上一個財政年度同期減少約8.11%。
- 截至二零二零年九月三十日止九個月，本集團錄得本公司擁有人應佔虧損約人民幣15,681,000元。
- 本公司截至二零二零年九月三十日止九個月之每股虧損約為人民幣1.19分。
- 董事會（「董事會」）並不建議派發截至二零二零年九月三十日止九個月的任何股息。

CONDENSED CONSOLIDATED RESULTS

簡明綜合業績

The unaudited consolidated results of the Group for the three months ended 30 September 2020 (the “Quarter”) and the nine months ended 30 September 2020 (the “Review Period”), together with the unaudited comparative figures for the corresponding periods in 2019, respectively were as follows:

(Unless otherwise stated, all financial figures in this quarterly report are denominated in Renminbi (“RMB”))

本集團截至二零二零年九月三十日止三個月(「本季度」)及截至二零二零年九月三十日止九個月(「本期間」)之未經審核綜合業績，連同二零一九年同期之未經審核比較數字分別如下：

(除另作註明外，本季度業績報告內之所有財務數字均以人民幣(「人民幣」)列值)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

簡明綜合損益表

| | | Quarter ended 30 September 截至九月三十日止 季度 | | Nine months ended 30 September 截至九月三十日止 九個月 | | |
|--|------------|--|--|--|--|----------|
| | | 2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核) | |
| | Note 附註 | | | | | |
| Revenue | 收益 | 2 | 36,979 | 27,346 | 114,432 | 124,528 |
| Cost of sales | 銷售成本 | | (30,754) | (19,481) | (88,333) | (95,280) |
| Gross profit | 毛利 | | 6,225 | 7,865 | 26,099 | 29,248 |
| Other revenue and net income | 其他收益及淨收入 | 2 | 1,143 | 3,305 | 1,286 | 32,510 |
| Distribution costs | 分銷成本 | | (1,205) | (1,526) | (3,499) | (4,954) |
| Administrative and other operating expenses | 行政及其他經營開支 | | (13,370) | (12,028) | (39,308) | (48,634) |
| Finance costs | 財務費用 | | (990) | (113) | (2,424) | (1,860) |
| (Loss)/profit before taxation | 除稅前(虧損)/溢利 | | (8,197) | (2,497) | (17,846) | 6,310 |
| Income tax (paid)/credit | 所得稅(支付)/抵免 | 3 | - | (3) | 9 | 189 |
| (Loss)/profit for the period | 期間(虧損)/溢利 | | (8,197) | (2,500) | (17,837) | 6,499 |

**CONDENSED CONSOLIDATED
STATEMENTS OF PROFIT OR LOSS
(Continued)**
簡明綜合損益表(續)

| | | Quarter ended 30 September 截至九月三十日止 季度 | | Nine months ended 30 September 截至九月三十日止 九個月 | | |
|---|------------------|--|--|--|--|------|
| | | 2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核) | |
| | Note 附註 | | | | | |
| Attributable to: | | | | | | |
| Equity shareholders of the Company | 下列應佔： 本公司權益股東 | (7,244) | (4,001) | (15,681) | 1,357 | |
| Non-controlling interests | 非控股權益 | (953) | 1,501 | (2,156) | 5,142 | |
| (Loss)/profit for the period | 期間(虧損)/盈利 | (8,197) | (2,500) | (17,837) | 6,499 | |
| Dividends attributable to the period | 期內應佔股息 | 4 | - | - | - | |
| | | <i>RMB (cents)</i> 人民幣(分) | <i>RMB (cents)</i> 人民幣(分) | <i>RMB (cents)</i> 人民幣(分) | <i>RMB (cents)</i> 人民幣(分) | |
| (Loss)/profit per share | 每股(虧損)/盈利 | | | | | |
| - basic | —基本 | 5 | (0.55) | (0.30) | (1.19) | 0.10 |
| - diluted | —攤薄 | | (0.55) | (0.30) | (1.19) | 0.10 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

簡明綜合全面收益表

| | | Quarter ended 30 September 截至九月三十日止 季度 | | Nine months ended 30 September 截至九月三十日止 九個月 | |
|---|------------------|--|--|--|--|
| | | 2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2020 二零二零年 RMB'000 人民幣千元 (unaudited) (未經審核) | 2019 二零一九年 RMB'000 人民幣千元 (unaudited) (未經審核) |
| (Loss)/profit for the period | 期間(虧損)/溢利 | (8,197) | (2,500) | (17,837) | 6,499 |
| Other comprehensive income for the period | 期間其他全面收入 | | | | |
| Items that may be reclassified subsequently to profit or loss: | 其後可能重新分類至損益的項目： | | | | |
| Exchange differences on translation of financial statements of foreign entities | 換算外國實體財務報表之匯兌差額 | 1,667 | 1 | 574 | 7 |
| Total comprehensive (expense)/income for the period | 期間全面(開支)/收入總額 | (6,530) | (2,499) | (17,263) | 6,506 |
| Total comprehensive (expense)/income attributable to: | 下列應佔全面(開支)/收入總額： | | | | |
| Equity shareholders of the Company | 本公司權益股東 | (5,577) | (4,000) | (15,107) | 1,364 |
| Non-controlling interests | 非控股權益 | (953) | 1,501 | (2,156) | 5,142 |
| | | (6,530) | (2,499) | (17,263) | 6,506 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

| | | Attributable to equity shareholders of the Company 本公司權益股東應佔 | | | | | | | | | | |
|---|----------------|---|---------------|-----------------|---------------------|---------------------|----------------------|---------------------------|--------------------|----------|---------------------------|--------------|
| | | Share capital | Share premium | General reserve | Translation reserve | Contributed surplus | Share option reserve | Convertible bonds reserve | Accumulated losses | Total | Non-controlling interests | Total equity |
| | | 股本 | 股份溢價 | 一般儲備 | 換算儲備 | 實繳盈餘 | 購股權儲備 | 債券儲備 | 累計虧損 | 總計 | 非控股權益 | 總權益 |
| (unaudited) | (未經審核) | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Balance at 1 January 2020 | 於二零二零年一月一日結餘 | 10,910 | 131,082 | 8,273 | (12,690) | 584,838 | 30,849 | 8,652 | (576,360) | 185,554 | (32,411) | 153,143 |
| Loss for the period | 期間虧損 | - | - | - | - | - | - | - | (15,681) | (15,681) | (2,156) | (17,837) |
| Other comprehensive income for the period | 期間其他全面收入 | - | - | - | 574 | - | - | - | - | 574 | - | 574 |
| Total comprehensive income/ (expenses) for the period | 期間全面收入/ (開支)總額 | - | - | - | 574 | - | - | - | (15,681) | (15,107) | (2,156) | (17,263) |
| Balance at 30 September 2020 | 於二零二零年九月三十日結餘 | 10,910 | 131,082 | 8,273 | (12,116) | 584,838 | 30,849 | 8,652 | (592,041) | 170,447 | (34,567) | 135,880 |

| | | Attributable to equity shareholders of the Company 本公司權益股東應佔 | | | | | | | | | | |
|---|---------------|---|---------------|-----------------|---------------------|---------------------|----------------------|---------------------------|--------------------|---------|---------------------------|--------------|
| | | Share capital | Share premium | General reserve | Translation reserve | Contributed surplus | Share option reserve | Convertible bonds reserve | Accumulated losses | Total | Non-controlling interests | Total equity |
| | | 股本 | 股份溢價 | 一般儲備 | 換算儲備 | 實繳盈餘 | 購股權儲備 | 債券儲備 | 累計虧損 | 總計 | 非控股權益 | 總權益 |
| (unaudited) | (未經審核) | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Balance at 1 January 2019 | 於二零一九年一月一日結餘 | 10,910 | 131,082 | 8,273 | (11,419) | 584,838 | 30,849 | 8,652 | (512,850) | 250,335 | (27,110) | 223,225 |
| Profit for the period | 本期間盈利 | - | - | - | - | - | - | - | 1,357 | 1,357 | 5,142 | 6,499 |
| Other comprehensive income for the period | 本期間其他全面收益 | - | - | - | 7 | - | - | - | - | 7 | - | 7 |
| Total comprehensive income for the period | 本期間全面收入總額 | - | - | - | 7 | - | - | - | 1,357 | 1,364 | 5,142 | 6,506 |
| Balance at 30 September 2019 | 於二零一九年九月三十日結餘 | 10,910 | 131,082 | 8,273 | (11,412) | 584,838 | 30,849 | 8,652 | (511,493) | 251,699 | (21,968) | 229,731 |

NOTES:

1. Basis of presentation of financial statements

The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They are prepared under the historical cost convention.

The unaudited consolidated results for the Review Period have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee. The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results for the Review Period are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2019.

The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective, the Group is in the process of assessing the impact of these new and revised HKFRS on the financial performance and financial position of the Group.

The Group principally operates in the People’s Republic of China (the “PRC”) with its business activities principally transacted in RMB, the results of the Group are therefore prepared in RMB.

2. Revenue, other revenue and net income

The Company is an investment holding company. The principal activities of its subsidiaries are manufacture and sales of liquefied coalbed gas (including provision of liquefied coalbed gas logistic services), sales of piped natural gas and provision of gas supply connection services.

Revenue represents the sales value of goods supplied and services provided to customers, which excludes value-added and business taxes, and is after deduction of any goods returns and trade discounts.

附註：

1. 財務報表呈報基準

未經審核財務報表乃根據香港公認會計原則及遵照香港會計師公會（「香港會計師公會」）頒佈之會計準則而編製。財務報表乃按過往成本慣例編製。

本期間之未經審核綜合業績並未經本公司核數師審核，但已由本公司之審核委員會審閱。編製本期間之未經審核綜合業績時所採納之會計政策及編製基準與本公司截至二零一九年十二月三十一日止年度之全年財務報表中所採納者一致。

本集團並未提早採納已頒佈但尚未生效的新訂及經修訂香港財務報告準則。本集團正評估該等新訂及經修訂香港財務報告準則對本集團財務表現及財務狀況造成的影響。

本集團主要在中華人民共和國（「中國」）經營業務，其業務活動主要以人民幣進行，因此本集團之業績乃以人民幣編製。

2. 收益、其他收益及淨收入

本公司為投資控股公司，其附屬公司之主要業務為液化煤層氣生產及銷售（包括提供液化煤層氣物流服務）、管道天然氣銷售及提供供氣接駁服務。

收益指向客戶提供貨品及服務之銷售值，惟不包括增值稅及營業稅，並於扣除任何退貨及商業折扣後列賬。

2. Revenue, other revenue and net income (Continued)

The amount of each significant category of revenue recognised in revenue during the Quarter and the Review Period are as follows:

2. 收益、其他收益及淨收入(續)

本季度及本期間於收益確認之各項重大收益類別金額如下：

| | | Quarter ended 30 September 截至九月三十日止 季度 | | Nine months ended 30 September 截至九月三十日止 九個月 | |
|---|-------------------------|---|-----------------------------------|--|-----------------------------------|
| | | 2020 二零二零年 RMB'000 人民幣千元 | 2019 二零一九年 RMB'000 人民幣千元 | 2020 二零二零年 RMB'000 人民幣千元 | 2019 二零一九年 RMB'000 人民幣千元 |
| Revenue | 收益 | | | | |
| Sales of liquefied coalbed gas (including provision of liquefied coalbed gas logistic services) | 液化煤層氣銷售 (包括提供液化煤層氣物流服務) | 1,537 | 1,264 | 4,253 | 29,161 |
| Sales of piped natural gas and provision of gas supply connection services | 管道天然氣銷售及提供供氣接駁服務 | 35,442 | 26,082 | 110,179 | 95,367 |
| | | 36,979 | 27,346 | 114,432 | 124,528 |
| Other revenue and net income | 其他收益及淨收入 | | | | |
| Value added tax refund | 增值稅退稅 | 5 | 9 | 22 | 6,520 |
| Interest income from bank deposits | 銀行存款之利息收入 | - | 2 | - | 15 |
| Other net income | 其他淨收入 | 1,138 | 3,294 | 1,264 | 25,975 |
| | | 1,143 | 3,305 | 1,286 | 32,510 |

3. Income tax

(a) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the Review Period 2020 and 2019.

No provision for Hong Kong profits tax has been made as the Group did not derive any income subject to Hong Kong profits tax during the Review Period.

3. 所得稅

(a) 香港利得稅

於二零二零年及二零一九年的本期間，香港利得稅乃按估計應課稅溢利以稅率16.5%計算。

由於本集團於本期間內並無賺取任何須繳納香港利得稅之收入，故並無為香港利得稅作出任何撥備。

3. Income tax (Continued)

(b) Overseas income tax

Taxes on incomes assessable elsewhere were provided for in accordance with the applicable tax legislations, rules and regulations prevailing in the territories in which the Group operates. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

There was no significant unprovided deferred taxation for the Quarter and the Review Period.

4. Dividends

The Board does not recommend payment of any dividend for the Review Period (corresponding period in 2019: Nil).

5. Loss per share

The calculation of basic and diluted loss per share for the Quarter and the Review Period were based on the unaudited loss attributable to shareholders for the Quarter and the Review Period of approximately RMB7,244,000 and approximately RMB15,681,000 respectively (corresponding periods in 2019: loss of approximately RMB4,001,000 and profit of approximately RMB1,357,000 respectively), and the weighted average number of Shares in issue of the Company for the Quarter and the Review Period are both 1,319,484,534 shares (corresponding periods in 2019 are both 1,319,484,534 shares). The weighted average number of shares in issue was calculated based on the number of shares in issue or deemed to be in issue before placing but after corresponding adjustments by the Company upon capitalisation of share premium.

Diluted loss per share

No dilutive loss per share was presented because there were no dilutive potential ordinary shares in existence during the Quarter and the Review Period. There were also no dilutive potential ordinary shares in existing during the same periods in 2019.

3. 所得稅(續)

(b) 海外所得稅

本集團已根據其經營業務所在地區當時之適用稅務法律、規則及規例，就其他地區之應課稅收入作出稅項撥備。根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，中國附屬公司自二零零八年一月一日起之稅率為25%。

本集團於本季度及本期間內並無重大之未撥備遞延稅項。

4. 股息

董事會並不建議於本期間派付任何股息(二零一九年同期：無)。

5. 每股虧損

本季度及本期間之每股基本及攤薄虧損乃按本季度及本期間之未經審核股東應佔虧損分別約人民幣7,244,000元及約人民幣15,681,000元(二零一九年同期：分別虧損約人民幣4,001,000元及盈利約人民幣1,357,000元)，以及本公司於本季度及本期間均為1,319,484,534股(二零一九年同期均為1,319,484,534股)的已發行股份加權平均數計算。該等已發行股份加權平均數乃根據本公司於配售事項前但於股份溢價資本化而作出相對調整後之已發行或被視作已發行股份數目計算。

每股攤薄虧損

由於本季度及本期間內並不存在任何具攤薄效應之潛在普通股，故此並無呈列每股攤薄虧損。於二零一九年同期亦不存在任何具攤薄效應之潛在普通股。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

The Group recorded a consolidated turnover of approximately RMB114,432,000 for the Review Period, representing a decrease of approximately 8.11% compared with the corresponding period of last year.

Loss attributable to equity shareholders of the Company for the Review Period was approximately RMB15,681,000, compared with the profit attributable to equity shareholders of approximately RMB1,357,000 for the previous period. The reasons for the loss are as follows:

- (i) The revenue decreased 8.11% to RMB114,432,000 for the Review period. It mainly due to the outbreak of the coronavirus and resulting in decrease in sales volume. However, the revenue was gradually returned to the normal level in the Quarterly Period.
- (ii) The decrease in other revenue is mainly due to the no refund of Valued Add Tax refund and other interest income received for the Review Period.

財務回顧

本集團於本期間錄得綜合營業額約人民幣114,432,000元，較去年同期下跌約8.11%。

本期間之本公司權益股東應佔虧損約為人民幣15,681,000元，而上一期間之權益股東應佔盈利則約為人民幣1,357,000元。有關虧損之原因如下：

- (i) 於本期期間，收益減少8.11%至人民幣114,432,000元，此乃由於新型冠狀病毒爆發，以致銷量減少。然而，季度期間的收益逐步重返至正常水平。
- (ii) 其他收益減少，主要由於本期期間增值稅並無退稅，亦無收取其他利息收入所致。

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS

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 is approximately 96 km² 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 joint venture company and 60% of its equity interests is held by one of the wholly-owned subsidiary of the Group.

The movements in the reserves of certain CBM properties as of 30 September 2020 are set out below:

業務回顧及發展前景

資源及儲量

陽城縣惠陽新能源發展有限公司（下稱「惠陽新能源」）於位於中國山西省的若干煤層氣資產擁有權益。陽城地區位於中國山西省，面積約96平方公里。陽城天然氣區塊主要開發3號和15號煤層。該等煤層氣資產位於山西陽城陽泰集團實業有限公司擁有的多個煤礦區域內。惠陽新能源為一間合營企業，其60%股本權益由本集團其中一間全資附屬公司持有。

下文載列若干煤層氣資產截至二零二零年九月三十日的儲量變化：

| | | Reserve evaluation of the CBM properties as at 30 September 2020 於二零二零年九月三十日的煤層氣資產儲量評估 BCF 十億立方英尺 | Reserve evaluation of the CBM properties as at 31 March 2012 於二零一二年三月三十一日的煤層氣資產儲量評估 BCF 十億立方英尺 |
|--|------------------|--|---|
| Total original gas in place on all blocks | 所有區塊的原始天然氣地質總含量 | 1,936 | 2,724 |
| Net 1P (Proved) reserves | 已證實(1P)淨儲量 | 1,089 | 35 |
| Net 2P (Proved + Probable) reserves | 已證實加概略(2P)淨儲量 | 1,547 | 277 |
| Net 3P (Proved + Probable + Possible) reserves | 已證實加概略加可能(3P)淨儲量 | 1,936 | 2,050 |

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS (Continued)

Resources and reserves (Continued)

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 continued development of the gas field blocks by the Company, the number and scope of the gas production wells are 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 that of 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 RMB1.4 million, mainly comprising of road maintenance fees of approximately RMB0.09 million, drilling expenses of approximately RMB0.86 million, well testing fees of approximately RMB0.04 million and costs of equipment and materials of approximately RMB0.41 million.

業務回顧及發展前景(續)

資源及儲量(續)

二零一二年三月三十一日的煤層氣資產儲量評估是本公司於二零一一年委聘獨立美國持牌天然氣儲量工程師Netherland, Sewell & Associates, Inc. (「NSAI」)對煤層氣資產儲量進行評估所得的評估結果。

由於氣田區塊得到本公司的持續發展，產氣井口數量及範圍比二零一二年相對地提高，這促使本公司能夠搜集更多有關煤層氣資產的數據，藉此對煤層氣資產作出更準確的評估。所以本公司於二零一四年七月已聘請中國境內之獨立專業評估機構對「惠陽新能源」的若干煤層氣資產作出以上對於已證實加概略加可能(3P)淨儲量、已證實加概略(2P)淨儲量和已證實(1P)淨儲量的評估，而評估的定義及指引與二零一二年NSAI之定義及指引大致相同。根據評估的結果，所有區塊的原始天然氣地質總含量與二零一二年NSAI之評估大致沒有變動。根據目前開發井口成本計算，本集團技術部門預計每一口井的資本支出約為人民幣1,400,000元，主要包括道路維修費用約人民幣90,000元、鑽井費用約人民幣860,000元、測試井口費用約人民幣40,000元及設備材料費用約人民幣410,000元。

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS (Continued)

Resources and reserves (Continued)

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 30 September 2020, the Group has completed the ground work and drilling of 244 CBM wells, among which 199 wells were in production, representing no change in number of well compared with the number of wells at the end of 2019. It was mainly attributed 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 850 cubic meters of gas on average per day.

業務回顧及發展前景(續)

資源及儲量(續)

天然氣儲量乃按標準溫度及壓力以十億立方英尺(BCF)表示。上表所載的儲量僅為估計之數，不應當作實際數量。已證實儲量為透過分析工程及地質數據可合理肯定可作商業性採收而加以估計的石油及天然氣數量；概略及可能儲量為可採收機會依次低於已證實儲量的額外儲量。儲量估計可能因市況、未來營運、監管變動或實際儲層情況而增加或減少。

天然氣勘探及開採

於二零二零年九月三十日，本集團已完成了244口煤層氣井的地面施工及打井，其中，投產井數目為199口，比二零一九年沒有增加井口數目。此乃主要由於本公司使用了部份資金及致力於穩定及提高生產井產量，以致某程度上減慢了新井的建設。現有的可出氣井之平均單井出氣量約為每天850立方米。

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS (Continued)

Marketing and sales

During the Quarter Period, the marketing and sales systems did not change significantly and the personnel structure and sales strategies basically remained the same. Affected by overall environment, the sales price during traditional peak periods did not represent a substantial increase as the previous year, by contrast, the sales price took on a descending trend, which, to some extent, has affected the sales performance.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2020, the Group had net assets of approximately RMB135,880,000, including cash and bank balances of approximately RMB17,685,000. To minimise financial risks, the Group implements stringent financial and risk management strategies and avoids the use of highly-g geared financing arrangements. The Group's gearing ratio, calculated by the Group's total external borrowings divided by its shareholders' fund, was approximately 41.25%.

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 scaling-down of any current business.

業務回顧及發展前景(續)

市場營銷及銷售業務

於本季度，市場營銷及銷售業務系統並無重大變動及員工結構及銷售策略基本維持一致。受整體經濟環境影響，銷售價格於傳統高峰期並未如往年般大幅上升，相反，銷售價格呈下調的勢頭，某程度上影響銷售表現。

流動資金、財務資源及資本結構

於二零二零年九月三十日，本集團的資產淨值約為人民幣135,880,000元，其中包括現金及銀行結存約人民幣17,685,000元。為盡量減低其財務風險，本集團採取謹慎的財務及風險管理策略，並避免使用高槓桿比率之融資安排。本集團之資本與負債比率(按本集團對外借貸總額除以其股東資金計算)約為41.25%。

由於天然氣打井項目需要大量資金，本集團有可能為進一步改善現金狀況獲得融資。倘本集團於日後擁有充足融資(無論是來自內部現金流量(因天然氣銷量增長)或者來自集資)，本集團將加快打井項目進程。除擬於上游煤層氣勘探及開採進行投資外，本集團並無任何其他計劃進行收購事項或投資、出售或縮減目前的任何業務規模。

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS (Continued)

Employees

As at 30 September 2020, the Group has an aggregate of 300 employees, of which 30 are research and development staff, 158 are engineering and customer service staff, 85 administrative staff and 27 marketing staff. During the Review Period, the staff cost (including Directors' remuneration) was approximately RMB11,528,000 (nine months ended 30 September 2019: approximately RMB12,169,000). The salary and bonus policy of the Group is principally determined by the performance of the individual employee. The Group will, on an ongoing basis, provides opportunity for professional development and training to its employees. The Company has also adopted a share option scheme as incentive to Directors and eligible employees, details of the scheme are set out in the paragraph headed "Share Option Scheme" in this report.

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

Save as disclosed in this report, the Group did not have any significant investment, material acquisition and disposal of subsidiaries and associated companies during the Review Period.

業務回顧及發展前景(續)

僱員

於二零二零年九月三十日，本集團共僱用300名僱員，其中研發人員30名，工程和客服人員158名，行政管理人員85名及市場營銷人員27名。於本期間，員工成本(包括董事酬金)約為人民幣11,528,000元(截至二零一九年九月三十日止九個月：約人民幣12,169,000元)。本集團之薪酬及花紅政策基本上按個別僱員工作表現確定。本集團將按持續方式為僱員提供專業進修與培訓機會。本公司亦已採納一項購股權計劃作為對董事及合資格僱員之獎勵，有關計劃之詳情載於本報告「購股權計劃」一段。

外匯風險

集團實體收取的大部份收益及產生的大部份開支均以其各自的功能貨幣計值。董事認為，由於本集團大部份交易以個別集團實體各自的功能貨幣計值，故本集團所面臨的外匯風險並不重大。

重大投資、重大收購及出售附屬公司

除本報告所披露者外，本集團於本期間並無任何重大投資、重大收購及出售附屬公司及聯營公司。

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS (Continued)

Outlook

The upstream business of the Company is improving steadily and the well construction and gas output are both increasing constantly. During 2017, the Company made technological upgrade to some old wells to improve production capacity and output, laying a solid foundation for the Company's long-term performance. However, the shortage in supply of raw gas kept handicapping the Company. Daily gas output of the upstream business was insufficient to allow the 500,000 cubic meters daily production capacity of liquefaction plants to be fully unleashed. In view of this, the Group commenced the R&D on synthetic natural gas production in 2017, and invited Institute of Process Engineering under Chinese Academy of Sciences to provide guidance on project testing. As at the date of this report, the experiment on synthetic natural gas production was successfully completed. The Group has commenced the process of commercialized design in the second half of 2019 and small-scale production is expected to start in the end of 2020. In addition, the Group plans to realize the daily output to 350,000 cubic meters at the mid of 2021 and realize the daily output to 850,000 cubic meters by the end of 2021. The Group also plans to resume its LNG project second half of 2020, as the number of upstream wells and gas output are both steadily increasing, the group successfully developed synthetic natural gas production and LNG price stabilized. The Group's raw gas supply will be further consolidated and the advantage of vertical integration business will emerge. The production capacity of liquefaction plants will be fully unleashed. In 2020, thanks to the stable supply from self-produced well gas, the Company will be gradually less affected by external factors and the uncontrollable risks involved in the operation of the Company will become less.

業務回顧及發展前景(續)

前景

本公司之上游業務正穩定提升及井口建設及出氣量亦不斷提升。於二零一七年，本公司對若干舊井作出技術升級以改善產能及產量，為本公司長期表現打下穩固基礎。然而未加工天然氣供應短缺問題一直困擾本集團，上游業務之每日出氣量不足以完全釋放液化工廠每日50萬立方米的產能。本集團有見及此，於二零一七年開始自主研發合成天然氣項目，更引入中國科學院過程工程研究所在項目試驗上做指導。截至本報告日，合成天然氣項目試驗已經成功完成，本集團已於二零一九年下半年開始產業化設計階段，預計2020年年末前實現小規模投產，更計劃於二零二一年年中實現產能日產35萬方，二零二一年年末前實現日產85萬方。隨著上游井口及出氣量的穩定增加，及合成天然氣的開發成功，本集團將計劃於二零二零年下半年重新啟動液化天然氣項目。由於本集團的未加工天然氣供應將進一步鞏固及本集團垂直一體化業務的協同優勢將展現，而液化工廠的產能將完全釋放。隨著二零二零年井口自產天然氣的穩定供應，本集團將逐漸減少受外來因素的影響，同時本集團營運中不能控制的風險亦將會減少。

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS (Continued)

Outlook (Continued)

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

業務回顧及發展前景(續)

前景(續)

隨著大眾日益關注環境問題，預期高污染能源將更快被市場淘汰，使用可替代潔淨能源將更普及，使天然氣市場需求更殷切，天然氣市場的需求將維持強勁的增長勢頭。本公司管理層將全力克服困難，致力為本公司利潤率及長期發展作出貢獻。

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

As at 30 September 2020, 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

董事及最高行政人員於股份、相關股份及債券之權益或淡倉

於二零二零年九月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條規定而存置之登記冊所記錄，或根據GEM上市規則第5.46條所述上市發行人董事進行交易的規定標準已知會本公司及聯交所，董事及本公司最高行政人員在本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中之權益及淡倉如下：

於本公司股份、相關股份及債券之好倉

| Name | Capacity | Nature of interest | Number of shares/ underlying shares 股份／相關 股份數目 | Approximate % of shareholdings 持股概約 百分比 |
|-------------------------------|--|----------------------------|---|--|
| 姓名 | 身份 | 權益性質 | | |
| Mr. Wang Zhong Sheng 王忠勝先生 | Interest of controlled corporation 受控法團權益 | Corporate interest 公司權益 | 18,118,500 (Note 1) (附註1) | 1.38% |
| | Beneficial owner 實益擁有人 | Personal 個人 | 470,588,254 (Note 2) (附註2) | 35.66% |
| Mr. Fu Shou Gang 付壽剛先生 | Beneficial owner 實益擁有人 | Personal 個人 | 324,750 (Note 3) (附註3) | 0.02% |

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

Long positions in shares, underlying shares and debentures of the Company (Continued)

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 470,588,254 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; (ii) a beneficial owner of 376,121,483 issued shares of the Company; and (iii) a holder of convertible bonds convertible to 94,142,021 conversion shares.

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. Mr. Fu resigned in 19 June 2019 as executive director.

Save as disclosed above, as at 30 September 2020, 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 Review Period.

董事及最高行政人員於股份、相關股份及債券之權益或淡倉 (續)

於本公司股份、相關股份及債券之好倉 (續)

附註：

1. 該等股份由寶連投資有限公司擁有。

王忠勝先生擁有寶連投資有限公司已發行股本之100%權益，根據香港法例第571章證券及期貨條例第XV部，王忠勝先生被視為於寶連投資有限公司擁有之股份中擁有權益。

2. 王忠勝先生分別以下列形式擁有該470,588,254股股份之好倉：
(i)購股權之承授人，可根據本公司於二零一一年五月十八日採納的新購股權計劃認購324,750股股份；(ii)實益擁有人，擁有376,121,483股本公司已發行股份；及(iii)可換股債券之持有人，可轉換為94,142,021股換股股份。

3. 付壽剛先生為購股權之承授人，擁有可根據本公司於二零一一年五月十八日採納的新購股權計劃認購324,750股股份的購股權。付先生已於二零一九年六月十九日辭任執行董事。

除上文披露者外，於二零二零年九月三十日，董事或本公司最高行政人員概無在本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有根據證券及期貨條例第352條規定而須載入該條例所述登記冊內，或根據GEM上市規則第5.46條所述上市發行人董事進行交易的規定標準而須知會本公司及聯交所之任何其他權益或淡倉。本集團於本期間內並無發行任何債券。

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

As at 30 September 2020, 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 of the Company

| Name 姓名 | Number of shares 股份數目 | Nature of Interest 權益性質 | Percentage of shareholding 持股百分比 |
|---------------------------------|--------------------------|-----------------------------|-------------------------------------|
| Ms. Zhao Xin (Note) 趙馨女士(附註) | 488,706,754 | Interest of spouse 配偶之權益 | 37.04% |

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 30 September 2020, 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.

主要股東及於股份及相關股份擁有根據證券及期貨條例須予披露之權益及淡倉之人士

於二零二零年九月三十日，根據證券及期貨條例第336條規定本公司須予存置之登記冊所記錄，下列人士(已於上文披露之董事或本公司最高行政人員除外)於本公司股份及相關股份中擁有權益或淡倉：

於本公司股份之好倉

附註：

根據證券及期貨條例，趙馨女士(王忠勝先生之配偶)被視為於本公司擁有其配偶權益之權益。

除上文披露者外，根據證券及期貨條例第336條規定本公司須予存置之登記冊所記錄，於二零二零年九月三十日，並無其他人士(董事或本公司最高行政人員除外)於本公司股份及相關股份中擁有權益或淡倉。

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

Apart from those disclosed under the heading “Directors’ and Chief Executive’s Interests or Short Positions in Shares, Underlying Shares and Debentures” above and in the section “Share Option Scheme” below, at no time during the Review Period 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.

董事及主要行政人員購買股份或債券之權利

除上文「董事及最高行政人員於股份、相關股份及債券之權益或淡倉」及下文「購股權計劃」一節所披露者外，於本期間任何時間，概無授予任何董事或彼等各自之配偶或未成年子女或最高行政人員透過購買本公司之股份或債券之方法而獲益之權利，或彼等概無行使任何該等權利；或本公司或其任何附屬公司概無訂立任何安排，致使董事可購買任何其他法人團體之該等權利。

購股權計劃

根據於二零一一年五月十八日通過的普通決議案，本公司於二零零三年七月二十八日採納的購股權計劃（「舊購股權計劃」）已告終止，及新的購股權計劃（「新購股權計劃」）已被採納，並將自採納新購股權計劃起十年期間內持續有效，將於二零二一年五月十七日屆滿。於二零一一年五月三十日，董事會批准根據新購股權計劃授予本公司董事、僱員及顧問購股權以認購258,300,000股普通股。

於舊購股權計劃終止前，已無根據其授出但尚未行使的購股權。

有關新購股權計劃之詳情，請參閱本公司日期為二零一一年四月二十日之通函。

SHARE OPTION SCHEME (Continued)

購股權計劃(續)

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

於本期間，根據GEM上市規則所披露有關購股權的資料如下：

| Name and category of participants | As at 1 January 2020 於二零二零年一月一日 | Granted during the period 期內已授出 | Exercised during the period 期內已行使 | Cancelled/lapsed during the period 已註銷/失效 | As at 30 September 2020 於二零二零年九月三十日 | Date of grant of share options 授出日期 | Exercise period of share options 購股權行使期 | Exercise price per share as at the date of grant of share options 於購股權授出日期之每股行使價 | Adjusted exercise price per share option 每份購股權之經調整行使價 |
|-----------------------------------|------------------------------------|------------------------------------|--------------------------------------|--|--|--|--|---|--|
| <i>Executive Directors</i> | | | | | | | | | |
| <i>執行董事</i> | | | | | | | | | |
| Mr. Wang Zhong Sheng 王忠勝先生 | 324,750 | - | - | - | 324,750 | 30/5/2011 | 30/5/2011-29/5/2021 | 0.495 | 3.81 |
| Employees 僱員 | 5,811,726 | - | - | - | 5,811,726 | 30/5/2011 | 30/5/2011-29/5/2021 | 0.495 | 3.81 |
| Consultants 顧問 | 25,982,598 | - | - | - | 25,982,598 | 30/5/2011 | 30/5/2011-29/5/2021 | 0.495 | 3.81 |
| | 32,119,074 | - | - | - | 32,119,074 | | | | |

SHARE OPTION SCHEME (Continued)

購股權計劃(續)

Notes:

附註：

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

- (i) 於本期間存續之授出條款及條件如下：

| | Number of options 購股權數目 | Vesting conditions 歸屬條件 | Contractual life of options 購股權合約年期 |
|-----------------------------|----------------------------|--|---|
| Options granted: 已授出購股權： | | | |
| 30 May 2011 二零一一年五月三十日 | 215,220,000 | Vest immediately 即時歸屬 | 10 years 10年 |
| 30 May 2011 二零一一年五月三十日 | 43,080,000 | Half on each of the first and second anniversaries of grant date 授出日期之首個及第二個週年日每次一半 | 10 years 10年 |

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

- (ii) 購股權之數目及加權平均行使價如下：

| | | Weighted average exercise price 加權平均行使價 HK\$ 港元 | Number of options 購股權數目 |
|--|--------------------|---|-------------------------------|
| Outstanding as at 1 January 2020 | 於二零二零年 一月一日未行使 | 3.81 | 32,119,074 |
| Granted during the period | 期內已授出 | – | – |
| Outstanding as at 30 September 2020 | 於二零二零年 九月三十日未行使 | 3.81 | 32,119,074 |
| Exercisable as at 30 September 2020 | 於二零二零年 九月三十日可行使 | 3.81 | 32,119,074 |

The options outstanding as at 30 September 2020 had an exercise price of HK\$3.81 and a weighted average remaining contractual life of 0.7 years.

於二零二零年九月三十日之未行使購股權之行使價為3.81港元，加權平均合約剩餘年期為0.7年。

SHARE OPTION SCHEME (Continued)

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme was 32,119,074 ordinary shares, representing approximately 2.43% of the issued shares of the Company.

The subscription price per share under the New Share Option Scheme is solely determined by the Board, and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer to grant option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer to grant option; and (iii) the nominal value of a share on the date of offer to grant option, provided that in the event of fractional prices, the subscription price per share shall be rounded upwards to the nearest whole cent.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no material contingent liabilities.

AMOUNT OF CAPITALISED INTEREST

Save as disclosed in this report, no interest has been capitalised by the Group during the Review Period.

CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

As at 30 September 2020, the Company had outstanding convertible bonds convertible to 94,142,021 conversion shares and outstanding options to subscribe for 32,119,074 Shares under the share option scheme adopted on 18 May 2011. Details of New Share Option Scheme are set out in pages 22 to 25 of this report.

購股權計劃(續)

於本報告日期，根據新購股權計劃可供發行之股份總數為32,119,074股普通股，佔本公司已發行股份之約2.43%。

新購股權計劃項下之每股認購價由董事會全權釐定，並須至少為以下各項之較高者：(i)股份於提呈授出購股權當日(須為營業日)於聯交所每日報價表上所列之收市價；(ii)股份於緊接提呈授出購股權當日前五個營業日在聯交所每日報價表所列之平均收市價；及(iii)股份於提呈授出購股權當日之面值，前提為倘出現零碎價格，則每股認購價須上調至最接近而完整的一仙。

或然負債

於二零二零年九月三十日，本集團並無重大或然負債。

已撥充資本之利息金額

除本報告所披露者外，本集團於本期間內並無將任何利息撥充資本。

可換股證券、認股權證或類似權利

於二零二零年九月三十日，本公司尚存可轉換為94,142,021股換股股份的未轉換可換股債券以及於二零一一年五月十八日採納之購股權計劃項下可認購32,119,074股股份的仍未行使購股權。新購股權計劃的詳情載於本報告第22至25頁。

PRE-EMPTIVE RIGHTS

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

COMPETING INTERESTS

During the nine months ended 30 September 2020, none of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete, either directly or indirectly with the business of the Group.

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

During the Review Period, 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.

AUDIT COMMITTEE

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 of the three independent non-executive Directors, namely Mr. Wang Zhi He, Mr. Xu Yuan Jian and Mr. Lau Chun Pong (Chairman).

During the Review Period, the audit committee has held three meetings. The Group's unaudited consolidated results for the Review Period have been reviewed and commented by the audit committee members.

優先購買權

本公司之公司細則或百慕達法例並無訂立有關優先購買權之條文，規定本公司須向現有股東按比例提呈發售新股份。

競爭權益

截至二零二零年九月三十日止九個月，董事或本公司控股股東或任何彼等各自之聯繫人士（定義見GEM上市規則）概無於與本集團業務直接或間接構成或可能直接或間接構成競爭的業務中擁有任何權益。

購買、出售或贖回本公司上市證券

於本期間內，本公司或其任何附屬公司概無購買、出售或贖回本公司或其任何附屬公司之任何上市證券。

審核委員會

本公司已於二零零三年七月二十八日遵照GEM上市規則，成立審核委員會並以書面列明其職權範圍。審核委員會之主要職責為（其中包括）審閱及監察本集團之財務申報原則及所採納之慣例，以及內部監控程序及事宜，並負責於向董事會提呈考慮前，先行審閱本集團的季度、中期及全年業績。

審核委員會由三名獨立非執行董事王之和先生、徐願堅先生及劉振邦先生（主席）組成。

於本期間內，審核委員會曾舉行三次會議，而本集團本期間之未經審核綜合業績已由審核委員會成員審閱及提供意見。

AUDIT COMMITTEE (Continued)

In order to maintain a high quality of corporate governance, the audit committee concluded that the Group has employed sufficient staff for the purpose of accounting, financial and internal control.

CORPORATE GOVERNANCE

During the Review Period, save as disclosed below, the Company has complied with the code provisions in the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules (the “Code”).

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 specific term of office but are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company’s by-laws. The Board considers the current arrangement will allow flexibility to the Board in terms of appointment of Directors.

Under code provision A.2.1 of the Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive”. This deviates from code provision A.2.1 of the Code.

Mr. Wang Zhong Sheng, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

審核委員會(續)

為了維持高質素的企業管治，審核委員會認為，本集團已聘用足夠的員工處理會計、財務及內部監控之工作。

企業管治

於本期間，除下文所披露者外，本公司已遵守GEM上市規則附錄十五所載《企業管治守則》(「守則」)的守則條文。

根據守則之守則條文第A.4.1條，非執行董事應有固定任期，並須接受重選。目前，獨立非執行董事並無固定任期，惟須根據本公司之公司細則於本公司股東週年大會輪值退任。董事會認為，現行安排將對董事會委任董事提供靈活性。

根據守則之守則條文第A.2.1條，主席與行政總裁之角色應有區分，不應由一人同時兼任。本公司並無任何高級職員擔任「行政總裁」一職，此舉偏離守則之守則條文第A.2.1條。

王忠勝先生擔任本公司主席，亦負責監督本集團日常運作。董事會將定期召開會議，以考慮影響本集團營運之重大事宜。董事會認為此架構不會對董事會與本公司管理層間之權力及權責均衡構成損害。各執行董事及負責不同職能之高級管理層之角色與主席及行政總裁之角色相輔相成。董事會相信，此架構有利於建立鞏固而連貫之領導層，讓本集團有效營運。

CORPORATE GOVERNANCE (Continued)

The Company understands the importance to comply with code provision A.2.1 of the Code and will continue to consider the feasibility of appointing a separate chief executive. The Company will make timely announcement if the chief executive has been appointed.

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 enquiries to all Directors, the Company was not aware of any non-compliance with such code of conduct during the Review Period.

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.

By order of the Board

Wang Zhong Sheng

Chairman

China, 13 November 2020

As at the date hereof, 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. Xu Yuan Jian and Mr. Wang Zhi He.

企業管治(續)

本公司知悉遵守守則之守則條文第A.2.1條之重要性，並將繼續考慮另行委任行政總裁之可行性。倘行政總裁已獲委任，本公司將適時作出公佈。

本公司已採納GEM上市規則第5.48至5.67條有關董事進行證券交易的操守守則。本公司經向所有董事作出特定查詢後，並不知悉有任何董事於本期間內未有遵守該操守守則。

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條作出彼等獨立身份之確認。本公司認為其全體獨立非執行董事均為獨立人士。

承董事會命

主席

王忠勝

中國，二零二零年十一月十三日

於本報告日期，執行董事為王忠勝先生及常健先生，非執行董事為段士川先生、王琛先生及梁峰先生以及獨立非執行董事為劉振邦先生、徐願堅先生及王之和先生。