THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

China CBM Group Company Limited
中國煤層氣集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8270)

VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF ENTIRE EQUITY INTERESTS IN A PRC SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company

Capital 9 Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 14 of this circular. A notice convening the SGM to be held on Friday, 16 January 2026 at 10:00 a.m. at Conference room, Main Building, Qinchi Village, Qinchi Town, Yangcheng County, Jincheng City, Shanxi Province, The People's Republic of China is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

This circular will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" for at least 7 days from the date of its posting and on the Company's website at https://hkirplatform.com/8270/en/index.php.

29 December 2025

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

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

CONTENTS

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

"Agreement"	the agreement dated 24 November 2025 and entered into between the Purchaser and the Company in respect of the Disposal
"Announcement"	the announcement of the Company dated 24 November 2025 regarding the Disposal
"Board"	board of the Directors
"Company"	China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on GEM (stock code: 8270)
"Completion"	the completion of the Disposal in accordance with the terms of the Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Capital as contemplated under the Agreement
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
"Latest Practicable Date"	24 December 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"LNG"	liquefied natural gas
"PRC"	the People's Republic of China which, for the purpose of this circular only, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	Shanxi Shenggang Energy Company Limited* (山西晟港能源有限公司), a limited liability company established in the PRC, which is wholly-owned by Mr. Wang Junjun
"Remaining Group"	the Group other than the Target Company as contemplated under the Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Capital"	100% equity interest of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held on Friday, 16 January 2026 for the purpose of considering and, if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.08 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Shanxi Qinshui Shuntai Energy Development Company Limited* (山西沁水順泰能源發展有限公司), a wholly-owned foreign enterprise registered under the laws of the PRC and a wholly-owned subsidiary of the Company
"%"	per cent.

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

China CBM Group Company Limited
中國煤層氣集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8270)

Executive Directors:
Mr. Wang Zhong Sheng *(Chairman)*
Mr. Chang Jian
Mr. Wang Chen
Mr. Tan Ye Kai, Byron
Mr. Leung Chi Ho

Non-executive Director:
Ms. Li Siliang

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

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

29 December 2025

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF ENTIRE EQUITY INTERESTS IN A PRC SUBSIDIARY

INTRODUCTION

Reference are made to the Announcement. On 24 November 2025 (after trading hours), the Company entered into the Agreement with the Purchaser pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Capital for a cash consideration of RMB24,609,319.04. Upon Completion, the Group will cease to hold any interests in the Target Company and the financial results of which will no longer be consolidated into the financial statements of the Group.

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

THE DISPOSAL

On 24 November 2025 (after trading hours), the Company entered into the Agreement with the Purchaser pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Capital for a cash consideration of RMB24,609,319.04.

The Agreement

Date: 24 November 2025 (after trading hours)

Parties: (1) Vendor: The Company

(2) Purchaser: Shanxi Shenggang Energy Company Limited* (山西晟港能源有限公司)

Assets to be disposed of

Before Completion, the Target Company is owned as to 100% by the Company. Pursuant to the Agreement, the Company has agreed to dispose of and the Purchaser has agreed to acquire the Sale Capital, representing 100% equity interest in the Target Company subject to and conditional upon the terms and conditions of the Agreement.

Consideration

The consideration for the Disposal is RMB24,609,319.04, of which:

(a) RMB10,000,000 is the refundable earnest money (the "**Earnest Money**") received by the Company from the Purchaser regarding the proposed Disposal in June 2025, which will form part of the consideration at Completion;

(b) RMB13,629,019.04, comprising RMB10,000,000 deposited into a bank account jointly controlled by the Purchaser and the Company (the "**Joint Accoun**t") as at the date of the Agreement and RMB3,629,019.04 to be deposited into the Joint Account by the Purchaser within 80 days from the date of the Agreement, shall be released from the Joint Account and transferred to a designated bank account of the Company within two working days upon (i) fulfilment of all the conditions set out in the paragraphs headed "conditions precedent" below and (ii) the Company having prepared documents relating to the registration of equity transfer in the Target Company for submission to the authority of Administration for Market Regulation (市場監督管理部門) in the PRC; and

(c) RMB980,300 shall be deposited into a designated bank account of the Company by the Purchaser within two working days after the receipt of the equivalent amount of subsidy from the relevant PRC government authority (the "**Government Subsidy**") by the Target Company.

The consideration for the Disposal was arrived at after arm's length negotiations and agreed between parties to the Agreement and principally determined based on the net asset value of the Target Company as at 31 December 2024 of approximately RMB22 million plus the Government Subsidy of RMB980,300 and the value added tax recoverable of the Target Company of approximately RMB1 million. The amount of the Government Subsidy is fixed by the relevant government authority. The value added tax recoverable refers to the amount of value added tax that a taxpayer is entitled to deduct in future tax periods, which arises when the amount of input value added tax (that is, tax payable by a taxpayer on its purchases) exceeds the amount of output value added tax (that is, tax payable by such taxpayer on its sales) during a given period, resulting in an excess that is not fully credited by such taxpayer in the current period and can therefore be carried forward to subsequent tax periods for continued deduction according to relevant value added tax regulations in the PRC. The amount of the Government Subsidy and value added tax recoverable, which the Target Company is entitled to receive, form part of the consideration for the Disposal as agreed between the parties to the Agreement.

Taking into account (i) the net liabilities of the Target Company as at 31 July 2025 of approximately RMB42.0 million after completion of the financial adjustments in the Target Company by 31 July 2025 as agreed between parties to the Agreement, which mainly included (a) the net accounting effect of transfer to the Remaining Group of the construction in progress of around RMB1.4 million and financial assets at fair value through profit or loss as a result of the 8% Equity Transfer (as defined below) of around RMB0.3 million; and (b) the waiver of the net amount due from the Remaining Group of around RMB53 million; (ii) the valuation of the Sale Capital (the "**Valuation**") conducted by an independent valuer (the "**Valuer**") which concluded that the Sale Capital has no commercial value as at 31 July 2025 (the "**Valuation Date**"); and (iii) the continuing operation status of the LNG business of the Target Company, the Directors (including the independent non-executive Directors) consider the terms of the Agreement (including but not limited to the consideration) to be fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon fulfilment of the following conditions:

(a) the Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the SGM pursuant to the requirements under the GEM Listing Rules; and

(b) the transfer of 8% equity interests in Shanxi Wanzhi Logistics Limited* (山西萬志物流有限公司) ("**Wanzhi Logistics**") held by the Target Company to Shanxi Wanzhi Business Services Limited* (山西萬志商務服務有限公司), an indirect wholly-owned subsidiary of the Company, and completion of the related industrial and commercial registration (the "**8% Equity Transfer**").

None of the conditions above are capable of being waived. In the event any of the conditions above is not fulfilled by 120 days of the date of the Agreement, (i) the Agreement shall cease and determine and neither parties to the Agreement shall have any obligations and liabilities towards each other thereunder, (ii) the Earnest Money without interest shall be refunded to the Purchaser by the Company, and (iii) any deposit remained in the Joint Account shall be released and transferred to the designated bank account of the Purchaser and the Joint Account shall be closed. As at the Latest Practicable Date, the condition (b) above has been fulfilled.

Completion

Completion will take place on the date of the issuance of new business license of the Target Company by the authority of Administration for Market Regulation (市場監督管理部門) in the PRC. Upon Completion, the Group will cease to hold any interests in the Target Company and the financial results of which will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a limited liability company incorporated in the Cayman Islands and continued in Bermuda and is principally engaged in investment holding. The Group is principally engaged in the business of exploitation, liquefaction production and sales of natural gas and coalbed gas in the PRC.

INFORMATION ON THE PURCHASER

The Purchaser is a limited liability company established in the PRC which is wholly-owned by Mr. Wang Junjun. The Purchaser is principally engaged in the wholesale of sulphur, gasoline, diesel, natural gas and methanol. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

The Target Company is a wholly-owned foreign enterprise registered under the laws of the PRC and is a direct wholly-owned subsidiary of the Company. It is principally engaged in the manufacture and sales of liquefied coalbed gas in the PRC.

The financial information of the Target Company for the two years ended 31 December 2024 are as follows:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**
	RMB'000	*RMB'000*
Net profit/(loss) before taxation	11,674	(7,729)
Net profit/(loss) after taxation	11,535	(7,729)

The unaudited net liabilities of the Target Company as at 31 July 2025 was approximately RMB42.0 million.

REASONS AND BENEFITS FOR THE DISPOSAL

The Group is principally engaged in the exploitation, liquefaction production and sales of natural gas and coalbed gas in the PRC. As stated in the announcement of the Company dated 19 May 2025 (the "**May 2025 Announcement**"), on 1 April 2025, the Target Company carried out its annual regular extensive inspection and maintenance. During the inspection and maintenance, the Target Company noticed that its liquefaction machinery and equipment suffered relatively severe damage, resulting in uneconomical maintenance costs. There was corrosion and cracking of the interstage cooler tubes in the nitrogen compressor due to changes in the quality of circulating water, which led to leakage of circulating water into the nitrogen circulation system and caused irreversible damage to the key liquefaction equipment. In addition, the electricity consumption of those liquefaction machinery and equipment is high due to mechanical aging problem, thus the continuing operation will not be cost effective. Upon the recommendation of the Group's technical department and after discussion and careful study by the Board, the Group decided to conduct technological transformation and upgrade on the liquefaction machinery and equipment. Based on preliminary estimation by the Group, the capital expenditures required would be not less than RMB60 million. The Target Company has suspended its production of liquefied coalbed gas as at 18 May 2025 for a comprehensive transformation and upgrade of the liquefaction machinery and equipment. In May 2025 (subsequent to the May 2025 Announcement), the Group received inquiry from the Purchaser regarding the possibility of taking over the operation of the Target Company.

Notwithstanding the upgrade of the liquefaction machinery and equipment is expected to reduce the Group's production cost of LNG in long run, the Board considers that it may not be in the interest of the Group to make such technological transformation and upgrade investment after taking into account (i) the decreasing price trend of local LNG generally since around the end of third quarter of 2024 from approximately RMB5,194 per tonne in September 2024 to approximately RMB3,840 per tonne in September 2025, and was around RMB3,900 per tonne in December 2025, according to the statistics released by the National Bureau of Statistics of China and publicly available market information; (ii) the oversupply of LNG in the PRC in general by comparing the local consumption volume of LNG of approximately 96.9 million tonne in 2024 with the aggregate volume of local and imported LNG supply in the PRC of approximately 101.5 million tonnes in 2024 according to market information, with uncertainty in international political factors, which will affect the price of imported LNG and constitute uncertainty on local LNG price in the coming years, leading to uncertainty in the profitability of the Group's continued operation of the LNG business of the Target Company; (iii) the intense competition from coal, renewables, and other gas sources in terms of cost and energy security faced by LNG suppliers in the PRC, for example, in respect of competition with electricity, as illustrated by the data released by the National Energy Administration which shows that China's solar power installed capacity reached 1.14 billion kilowatts by the end of October 2025 and marked a year-on-year increase of 43.8%, and new photovoltaic installations totaled 12.6 gigawatts in October 2025 representing a month-on-month growth of 30.4%, indicating the trend in the switch to the use of electricity from other energy including but not limited to LNG; and (iv) the risk associated with further investments in the upgrade of facilities in view of the market uncertainty mentioned above.

It is estimated that the Group will record a gain of approximately RMB66.6 million on the Disposal upon Completion, which is arrived at taking into account the unaudited net liabilities of the Target Company as at 31 July 2025 of approximately RMB42.0 million and the consideration of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit to be performed by the Company's auditors.

The net proceeds, after deducting the expenses relating to the Disposal, is expected to be approximately RMB23.9 million. The Company intends to utilise RMB10 million for the research and development (the "**R&D**") and commercialisation on C-H to Synthesis of natural gas production, RMB10.2 million for the proposed acquisition of 17% equity interests of Wanzhi Logistics as stated below and approximately RMB3.7 million as general working capital of the Group.

One of the conditions precedent to the Agreement is the 8% Equity Transfer. The Group understood from the PRC government authority that a consent on such transfer from another shareholder, being a state-owned enterprise headquartered in Qinshui County, Jincheng City, Shanxi Province, which held 17% equity interest of Wanzhi Logistics would be required for the completion of the related industrial and commercial registration of the 8% Equity Transfer. Such state-owned enterprise has provided such consent. It has also indicated to the Group of its intention to sell its 17% equity interest of Wanzhi Logistics at a price not lower than the amount of its original capital contribution of RMB10.2 million made, which represents a premium of approximately 147% of the relevant portion of net asset value of Wanzhi Logistics of approximately RMB4.13 million as at 31 December 2024. Wanzhi Logistics is currently dormant and the Group has yet formulated any business plan to be carried out by this company. Having considered that it would be in the best interest of the Group to maintain a long term friendly relationship with such state-owned enterprise in light of the Group's business in Shanxi Province, negotiation between the Group and such state-owned enterprise on the proposed acquisition by the Group is in progress as at the Latest Practicable Date. The Group currently intends to finance the consideration of the acquisition by proceeds of the Disposal, and expects that relevant equity transfer agreement will be entered into shortly after completion of the Disposal. Such proposed acquisition, if materialised, may constitute a notifiable transaction of the Company based on the aforesaid original capital contribution amount of the state-owned enterprise. Wanzhi Logistics is owned as to 83% by the Group after completion of the 8% Equity Transfer and as at the Latest Practicable Date and will be wholly owned by the Group after the aforesaid proposed acquisition. The Company will comply with all applicable requirements under Chapter 19 of the GEM Listing Rules as and when appropriate.

The Board is of the view that the Disposal provides a good opportunity for the Group to realise its investment in the Target Company and focus its resources on the R&D of C-H to Synthesis of natural gas production (temporarily named as ultra-high-temperature steam-induced coal mineral transformation and evolution technology, previously known as the "High temperature-water of Activate C-H to Synthesis of natural-gas technology" (the "**Technology**")), which has been commenced since 2016. The Company has engaged the Hong Kong Productivity Council as technical partner to further develop prototype of commercialisation of the technology. As of the Latest Practicable Date, the Group has commissioned an university in Hong Kong to conduct verification on the technology. It is anticipated that the validation will complete in the first half of 2026. Upon receiving a satisfactory validation result, the Group plans to manufacture a pilot facility capable of producing 20,000 to 30,000 cubic meters of natural gas per day in 2026 with the use of the Technology which is expected to be completed by the third quarter of 2026. Such equipment will be initially supplied to end-users (including but not limited to natural gas liquefaction plants, city gas companies, and other industrial users) for trial operation. The Group will continuously refine and upgrade the technology for commercialisation, aiming to develop equipment capable of producing 50,000–100,000 m^3 of natural gas per day by the third quarter of 2027. To the best of the Group's knowledge, there is no similar technology in the market. When the technology matures, the Group may install the equipment at a customer's plant (for example, a natural gas liquefaction facility) to process natural gas for them, and share the profits generated from such customer's use of the equipment. The Group may also generate income by selling raw materials required in using the technology and the equipment. The Disposal is in line with the strategy of the Group to utilise its resources, both financial and manpowers, to develop the business.

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

BUSINESS MODEL OF THE REMAINING GROUP AFTER COMPLETION

Upon Completion, the business of the Remaining Group can be classified into the two segments below:

(A) Sales of piped natural gas

Piped natural gas sold by the Remaining Group is either (i) extracted from gas wells located in Yangcheng County (陽城縣) in Shanxi Province or (ii) purchased from other natural gas suppliers. Natural gas (coalbed methane) extracted from gas wells located in Yangcheng County in Shanxi Province is transported through pipeline of the Remaining Group (the "**Main Pipeline**") to booster facilities set up by the Remaining Group near the wells for dehydration (a process required for the natural gas extracted from gas wells). After dehydration, the natural gas is directly transported to the Remaining Group's customers through the Main Pipeline. All the booster facilities and Main Pipeline are assets of the Remaining Group.

Piped natural gas purchased by the Remaining Group from other suppliers for sale has already undergone dehydration process. The natural gas is transported from the suppliers' pipeline connected to the Main Pipeline, and then to the Remaining Group's customers through the Branch Pipeline (as defined below).

The Main Pipeline does not connect directly to a new customer's location (for example, factory). If there is a new customer, branch pipeline (the "**Branch Pipeline**") will be built to connect the customers' location with the Main Pipeline for transportation of piped natural gas. The Branch Pipeline is asset of the customer.

The supply of piped gas is a capital intensive business as it requires deployment of substantial resources on the building of the pipeline network and continuing investment on maintenance and operation safety. Hence, the Directors believes that it is unlikely for other gas suppliers be willing to invest into the building of new pipeline in the Yangcheng County or Qinshui County (沁水縣) in Shanxi Province where the Main Pipeline has been laid, whilst they can just utilise the laid pipeline network of the Remaining Group at reasonable cost to supply natural gas in the counties. The Target Company can also continue to purchase piped natural gas directly from the Remaining Group as pipeline network connecting its liquefaction factory and the Main Pipeline has already been built. The Company understood from the Purchaser that it targets to resume operation of the Target Company to produce liquefied coalbed gas immediately after Completion as winter is a peak season for sales of LNG. Negotiation of supply of piped natural gas to the Target Company after Completion between the Remaining Group and the Purchaser has been at advanced stage. Formal supply agreement is expected to be entered into between the parties soon for commencement of supply upon Completion.

(B) Transportation service of piped natural gas

The Main Pipeline of 51 kilometres long in aggregate has been laid by the Remaining Group which spans the Yangcheng County and Qinshui County in Shanxi Province for years. The building of pipeline network in a county and across counties for supplying piped natural gas is a key entry barrier to other gas suppliers as it is not only cost intensive but also requires to undergo complicated approval and negotiation procedures with different government authorities and locals in the counties where the pipeline has to be built. It is believed that the government authorities are unlikely to approve another set of main pipeline to be built by market peers of the Remaining Group in the same area of the Main Pipeline. Hence, gas suppliers which have to transport their piped natural gas across the Yangcheng County and Qinshui County have to use the Main Pipeline of the Remaining Group, thus requiring the transportation service of the Remaining Group.

During the time of suspension of liquefaction business of the Target Company, the Remaining Group has been able to secure demand from existing independent customers and find new independent customers for its piped natural gas from gas wells or other gas suppliers. Given the above business model of the Remaining Group, particularly the pipeline network established, the Directors are confident that the Remaining Group is able to maintain and expand its customer base in the future.

VALUATION APPROACH

According to the Valuer, it has taken into consideration of the business nature, specialty of operation and industry of the Target Company. The Valuer has considered three generally accepted approaches in conducting the Valuation, namely the income approach, the market approach and the cost approach. The principal business of the Target Company is manufacturing and selling liquefied coalbed gas in the PRC. Based on the selection criteria of listed comparable companies with sufficient public information, and with revenue solely from manufacturing and selling liquefied coalbed gas in PRC, there are insufficient suitable comparable companies which can be adopted. As such, the market approach was not appropriate for the Valuation. And as advised by the management of the Company, due to the uncertainty of the future business development, they are not able to provide a reliable financial projection of the Target Company's business, thus the income approach would not be suitable. The asset-based approach under the cost approach was considered by the Valuer to be the most appropriate valuation approach for the Valuation as such approach is based on the economic principle of substitution, essentially measures what is the net asset value as at the Valuation Date and how much it would cost to replace those net assets. The adjusted net asset value method is used to estimate the fair value of the Target Company.

Key Inputs and Assumptions of the Valuation

The fair value of the Target Company as at the Valuation Date equals to the appraised value of total assets minus the appraised value of total liabilities of the Target Company.

(i) Total assets

The total assets of the Target Company principally comprise the right-of-use asset and the properties (both situated in Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province) and the plant and machinery used for liquefaction business.

As at the Valuation Date, the carrying amount of the total assets of the Target Company is approximately RMB27.41 million and the fair value is approximately RMB39.10 million, representing an appreciation amount of RMB11.69 million, mainly due to the difference between the fair value of valuation of the right-of-use asset under the direct comparison approach. The direct comparison approach was adopted as there were adequate comparable information.

(ii) Total liabilities

The carrying amount and the fair value of the total liabilities of the Target Company were the same, at approximately RMB69.43 million.

(iii) Total Equity

Based on the adjusted net asset value method described above, the fair value of the Target Company as at the Valuation Date amounted to a negative amount of approximately RMB30.33 million. As the adjusted net asset value of the Target Company is a negative amount, the Valuer concluded that the Sale Capital, being 100% equity interest in the Target Company, as of the Valuation Date has no commercial value.

The key assumptions of the Valuation are summarised as follows:

- The information provided and the representations made by the management of the Company with regard to the Target Company's financial and business affairs are accurate and reliable;
- There is no identifiable intangible asset as of the Valuation Date;
- The Target Company will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business operations;
- The Target Company has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Target Company operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- Upon expiry of the current permits, business certificates, licenses and/or legal approvals, the Target Company is able to renew all such documents to operate the business with de minimis expenses;
- There will be sufficient supply of technical staff in the industry in which the Target Company operates or intends to operate, and the Target Company will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- There will be no major changes in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or market conditions in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Company;

- There will be no material changes in the relevant interest rates and exchange rates that would impact the Target Company's business; and

- There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Target Company as of the Valuation Date.

GEM LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and shall be subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A SGM will be convened and held for the Shareholders to approve the Agreement and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder is involved in or interested in the Agreement and the transactions contemplated thereunder which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM.

RECOMMENDATION

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

ADDITIONAL INFORMATION

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

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

1. SUMMARY OF FINANCIAL INFORMATION

The consolidated financial statements of the Group for the three years ended 31 December 2024 and for the six months ended 30 June 2025, together with the accompanying notes to the financial statements, are disclosed in the following documents which have been published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**https://hkirplatform.com/8270/tc/index.php**):

Annual report for the year ended 31 December 2022 (pages 96 to 239):
https://www1.hkexnews.hk/listedco/listconews/gem/2023/0402/2023040200233.pdf

Annual report for the year ended 31 December 2023 (pages 93 to 215):
https://www1.hkexnews.hk/listedco/listconews/gem/2024/0328/2024032800347.pdf

Annual report for the year ended 31 December 2024 (pages 101 to 227):
https://www1.hkexnews.hk/listedco/listconews/gem/2025/0430/2025043002502.pdf

Interim report for the six months ended 30 June 2025 (pages 7 to 24):
https://www1.hkexnews.hk/listedco/listconews/gem/2025/0826/2025082601085.pdf

2. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Remaining Group is principally engaged in the exploitation and sales of natural gas and coalbed gas in the PRC.

In 2016, the Remaining Group commenced the R&D on the Technology, C-H to Synthesis of natural gas production, and entered the commercialised design and scaling phase in the second half of 2019. As a result of the pandemic between February 2020 and December 2022, however, the R&D scaling efforts progressed slower than anticipated, with the first pilot unit only undergoing pilot operations in June 2021. Based on the pilot results, the Remaining Group proposed an improved design in November 2021. Due to constraints on importing high-temperature-resistant special steel from overseas, the Remaining Group completed a small-scale pilot unit using domestically produced heat-resistant steel in June 2024. By the end of 2024, the pilot operations of the small-scale pilot unit revealed that domestically produced heat-resistant steel consistently failed to achieve stable long-term operation at 1,100°C. In January 2025, the Remaining Group shifted its technological research focus to reducing reaction temperatures and has since achieved a basic operating environment of 1,000°C. Currently, the small-scale pilot unit remains under construction. Once the small-scale pilot unit is completed, the Remaining Group will promptly conduct advanced demonstration trials overseas (including but not limited to Hong Kong) and invite international experts to evaluate the Technology. As the Technology matures, the Remaining Group will utilise the Technology to collect fees from customers (including natural gas liquefaction plants, city gas companies, and other industrial users) and market raw materials related to such technology.

During the development of the Technology, the Remaining Group discovered a technology for hydrocarbon evolution, enhancing reserves, and increasing production through the thermal transformation of underground coal minerals in coalbed methane fields, referred to as the "thermal extraction technology." This discovery is expected to bring positive impacts on the Remaining Group's upstream wellhead gas output. As at the Latest Practicable Date, the thermal extraction technology is still in the preparatory stage. Once the thermal extraction technology matures, the Remaining Group will apply it to another development project. The thermal extraction technology will not only increase the upstream wellhead production but also enable the Remaining Group to provide thermal extraction services and market related equipment to coalbed methane exploration companies.

As the thermal extraction technology matures, it will lead to a stable increase in upstream wellhead production and gas output. The successful development of this technology will ensure a stable gas supply, reducing the impact of external factors and operational risks that are beyond the Remaining Group's control. Furthermore, both the Technology and the thermal extraction technology are expected to become new drivers for the profitability of the Remaining Group. The Company has engaged the Hong Kong Productivity Council as technical partner to further develop prototype of commercialisation of the technology.

3. INDEBTEDNESS

Bank borrowings

As of 30 November 2025, the Group had obtained RMB10 million in bank borrowings, comprising two RMB5 million facilities due in March 2026 and September 2026, with interest rates of 3.1% and 3% respectively, which are secured by certain building held for own use and the leasehold land use right of the Group. The Company acted as guarantor for these bank borrowings.

Amount due to non-controlling shareholder of a subsidiary

The Group had amount due to non-controlling shareholder of a subsidiary of the Group of approximately RMB10.4 million as at 30 November 2025 which was unsecured, unguaranteed, repayable on demand and bore an interest rate of 4.35% per annum.

Amounts due to directors/ultimate controlling party

The Group had amounts due to directors and ultimate controlling party of approximately RMB503,000 and RMB3,269,000 respectively as at 30 November 2025, which were unsecured, unguaranteed, interest-free and repayable on demand.

Capital commitment

The Group had capital commitments contracted but not provided for of approximately RMB7,320,000 as at 30 November 2025.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other debt securities issued or outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgages or charges, or any other material contingent liabilities or guarantees as at 30 November 2025.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 30 November 2025 and up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities and the estimated net proceeds from the Disposal, the Group will have sufficient working capital for its requirements for at least twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

The Directors confirmed that as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

Set out below are the unaudited statements of financial position of the Target Company as at 31 December 2022, 2023, 2024 and 30 June 2025 and the unaudited statements of profit or loss, the unaudited statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended 31 December 2024 and the six months ended 30 June 2024 and 2025 (the "**Relevant Periods**") and explanatory notes, which have been reviewed by the reporting accountants, KTC Partners CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS

	For the year ended 31 December			**For the six months ended 30 June**	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	196,297	213,546	222,459	107,071	42,099
Cost of sales	(155,285)	(200,958)	(222,419)	(110,511)	(45,611)
Gross profit/(loss)	41,012	12,588	40	(3,440)	(3,512)
Other income and gains or losses	17,940	346	1,159	79	884
Selling and distribution costs	(660)	(2,530)	(2,538)	(830)	–
Administrative and other expenses	(13,054)	(4,795)	(5,616)	(3,050)	(4,625)
Reversal of impairment loss on property, plant and equipment	43,505	6,853	–	–	–
Reversal of impairment under expected credit loss model	5,868	41	9	–	–
Finance costs	(1,589)	(829)	(783)	(343)	(433)
Profit/(loss) before taxation	93,022	11,674	(7,729)	(7,584)	(7,686)
Income tax expense	–	(139)	–	–	–
Profit/(loss) for the year/period	93,022	11,535	(7,729)	(7,584)	(7,686)

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit/(loss) and total comprehensive income/ (expense) for the year/period	93,022	11,535	(7,729)	(7,584)	(7,686)

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	18,653	32,873	27,607	26,800
Right-of-use assets	8,347	8,127	7,907	7,797
Financial assets at fair value through profit or loss	2,300	2,300	2,300	2,300
Deposits and prepayments	7,268	1,255	773	673
	36,568	44,555	38,587	37,570
Current assets				
Inventories	3,597	2,432	3,798	1,293
Trade and other receivables	2,364	8,364	3,946	3,559
Amounts due from fellow subsidiaries	120,911	121,891	122,690	122,690
Tax recoverable	209	209	209	209
Bank balances and cash	837	2,770	10,213	2
	127,918	135,666	140,856	127,753
Current liabilities				
Trade and other payables	(53,546)	(34,578)	(40,801)	(38,400)
Amount due to a holding company	(54,446)	(54,446)	(54,446)	(54,446)
Amounts due to fellow subsidiaries	(4,700)	(32,041)	(30,594)	(26,854)
Bank and other borrowings	(19,500)	(16,500)	(20,400)	(20,400)
Provision for production safety	(14,292)	(13,119)	(11,394)	(11,101)
	(146,484)	(150,684)	(157,635)	(151,201)
Net current liabilities	(18,566)	(15,018)	(16,779)	(23,448)
Net assets	18,002	29,537	21,808	14,122
Capital and reserves				
Paid-up capital	206,570	206,570	206,570	206,570
Accumulated losses	(188,568)	(177,033)	(184,762)	(192,448)
Total equity	18,002	29,537	21,808	14,122

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January 2022	206,570	(281,590)	(75,020)
Profit and total comprehensive income for the year	–	93,022	93,022
Balance at 31 December 2022	206,570	(188,568)	18,002
Profit and total comprehensive income for the year	–	11,535	11,535
Balance at 31 December 2023	206,570	(177,033)	29,537
Loss and total comprehensive expense for the year	–	(7,729)	(7,729)
Balance at 31 December 2024	206,570	(184,762)	21,808
Balance at 1 January 2024	206,570	(177,033)	29,537
Loss and total comprehensive expense for the period	–	(7,584)	(7,584)
Balance at 30 June 2024	206,570	(184,617)	21,953
Balance at 1 January 2025	206,570	(184,762)	21,808
Loss and total comprehensive expense for the period	–	(7,686)	(7,686)
Balance at 30 June 2025	206,570	(192,448)	14,122

UNAUDITED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES					
Profit/(loss) before taxation	93,022	11,674	(7,729)	(7,584)	(7,686)
Adjustments for:					
Depreciation of property, plant and equipment	220	3,433	7,028	4,551	807
Amortisation of right-of-use assets	220	220	220	110	110
Reversal of impairment on property, plant and equipment, net	(43,505)	(6,853)	–	–	–
Interest income	(4)	(3)	(16)	(4)	(3)
Net (gain)/loss on disposal of property, plant and equipment	–	(143)	8	–	–
Reversal of impairment of prepayments and other receivables, net	(5,868)	(41)	(9)	–	–
Finance costs	1,589	829	783	343	433
Provision for production safety	1,200	16	833	400	–
Operating cash flows before movements in working capital	46,874	9,132	1,118	(2,184)	(6,339)
(Increase) decrease in inventories	(2,677)	1,165	(1,366)	(3,625)	2,505
(Increase) decrease in trade and other receivables	6,265	(16,308)	4,427	3,097	386
Increase (decrease) in trade and other payables	(21,622)	(17,464)	6,223	(11,840)	(2,401)
Increase (decrease) in provision for production safety	(1,275)	(1,190)	(2,558)	(900)	(292)

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash generated from (used in) operations	27,565	(24,665)	7,844	(15,452)	(6,141)
PRC Enterprise Income Tax expense	–	(139)	–	–	–
Net cash generated from (used in) operating activities	27,565	(24,804)	7,844	(15,452)	(6,141)
Investment activities					
Payment for purchase of property, plant and equipment	(10,053)	(2,104)	(1,835)	(1,075)	–
Proceeds from disposal of property, plant and equipment	–	293	65	–	–
Decrease in deposits and prepayments	4,389	6,013	482	412	100
Proceeds from deregistration of an associate	200	–	–	–	–
Interest received	4	3	16	4	3
(Advance to)/repayment from fellow subsidiaries	37,855	(980)	(799)	572	–
Net cash generated from (used in) investing activities	32,395	3,225	(2,071)	(87)	103

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financing activities					
Proceeds from new bank and other borrowings	–	–	10,000	10,000	–
Repayment of bank and other borrowings	(4,500)	(3,000)	(6,100)	(3,100)	–
Interest paid on bank and other borrowings	(1,119)	(829)	(783)	(343)	(433)
Repayment of finance leases	(7,501)	–	–	–	–
Interest element of finance lease	(470)	–	–	–	–
Repayment to a holding company	(7,645)	–	–	–	–
(Repayment to)/advance from fellow subsidiaries	(37,922)	27,341	(1,447)	20,127	(3,740)
Net cash generated from (used in) financing activities	(59,157)	23,512	1,670	26,684	(4,173)
Net increase (decrease) in cash and cash equivalents	803	1,933	7,443	11,145	(10,211)
Cash and cash equivalents at beginning of year/period	34	837	2,770	2,770	10,213
Cash and cash equivalents at end of year/period	837	2,770	10,213	13,915	2

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shanxi Qinshui Shuntai Energy Development Company Limited (the "**Target Company**") is a private company incorporated and domiciled in the People's Republic of China (the "**PRC**") with limited liability and has its registered office and principal place of business at Lijiazhuang Village, Jiafeng Town, Qinshui County, Shanxi Province, China* (中國山西省沁水縣嘉豐鎮李莊村). Its immediate holding company is China CBM Group Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited and its ultimate holding company is Jumbo Lane Investments Limited, a company incorporated in the British Virgin Islands.

The principal activity of Target Company is manufacture and sales of liquefied coalbed gas.

The Unaudited Financial Information is presented in Renminbi ("**RMB**"). All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of the Target Company for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025 (the "**Relevant Periods**") has been prepared solely for the purpose of inclusion in the Circular to be issued by the Company in connection with the disposal in accordance with Rule 19.68(2)(a)(i) of the GEM Listing Rules.

The Unaudited Financial Information of the Target Company have been recognised and measured in accordance with the accounting policies of the Company for the Relevant Periods, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as described in HKAS 1 "Presentation of Financial Statements" or an interim financial report as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and should be read in conjunction with the Company's published annual reports and/or interim financial statements for the Relevant Periods.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INTRODUCTION

The following is the unaudited pro forma consolidated statement of financial position as at 30 June 2025, and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024, and related notes (the "**Unaudited Pro Forma Financial Information**") of the Group excluding the Target Company (as defined below) (the "**Remaining Group**") in connection with the proposed disposal of the Group's entire equity interests in Shanxi Qinshui Shuntai Energy Development Company Limited* (山西沁水順泰能源发展有限公司) (the "**Target Company**") (the "**Disposal**"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposal, as if the Disposal had been completed on 30 June 2025 or 1 January 2024, as appropriate.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the Group's 2025 interim report after making pro forma adjustments relating to the Disposal as set out below. The Group's 2025 interim report includes the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2024 as extracted from the Group's 2024 annual report after making pro forma adjustments relating to the Disposal as set out below.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 7.31(1) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, estimates and current available information. Accordingly, because of its nature, it may not give a true picture of the financial results and cash flows had the Disposals been completed as at 1 January 2024 or for any future period, nor the financial position of the Group had the Disposals been completed as at 30 June 2025 or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the Group's 2024 annual report, 2025 interim report and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE REMAINING GROUP

	The Group for the year ended 31 December 2024	Pro Forma Adjustments					The Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Revenue	243,568	(222,459)	–	–	67,562	–	88,671
Cost of sales	(217,230)	222,419	–	–	(72,741)	–	(67,552)
Gross profit/(loss)	26,338	(40)	–	–	(5,179)	–	21,119
Other income and gains or losses	(18,662)	(1,159)	1,407	(1,407)	7,717	–	(12,104)
Selling and distribution expenses	(3,699)	2,538	–	–	(2,538)	–	(3,699)
Administrative and other expenses	(32,670)	5,616	334	(334)	–	–	(27,054)
Reversal of impairment of other receivables, net	9	(9)	–	–	–	–	–
Waiver/(Written off) of amount due to/from subsidiary	–	–	48,611	(48,611)	–	–	–
Gain on disposal of subsidiary	–	–	–	45,424	–	–	45,424
Finance costs	(1,099)	783	–	–	–	–	(316)
(Loss)/profit before taxation	(29,783)	7,729	50,352	(4,928)	–	–	23,370
Income tax expense	(4,863)	–	–	–	–	–	(4,863)
(Loss)/profit for the year	(34,646)	7,729	50,352	(4,928)	–	–	18,507

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

	The Group for the year ended 31 December 2024	Pro Forma Adjustments					The Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
(Loss)/profit for the year	(34,646)	7,729	50,352	(4,928)	–	–	18,507
Other comprehensive income/(loss)							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations	(3,103)	–	–	–	–	–	(3,103)
Total comprehensive (expenses)/ income for the year	(37,749)	7,729	50,352	(4,928)	–	–	15,404
(Loss)/profit for the year attributable to:							
Owners of the Company	(34,645)	7,729	50,352	(4,928)	–	(1)	18,507
Non-controlling interests	(1)	–	–	–	–	1	–
	(34,646)	7,729	50,352	(4,928)	–	–	18,507
Total comprehensive (expenses)/ income attributable to:							
Owners of the Company	(37,748)	7,729	50,352	(4,928)	–	(1)	15,404
Non-controlling interests	(1)	–	–	–	–	1	–
	(37,749)	7,729	50,352	(4,928)	–	–	15,404

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

	The Group as at 30 June 2025	Pro Forma Adjustments				The Remaining Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 7)	*(Note 8)*	*(Note 9)*	*(Note 10)*	*(Note 6)*	
Non-current assets						
Property, plant and equipment	230,042	(26,800)	11,031	–	–	214,273
Right-of-use assets	19,149	(7,797)	–	–	–	11,352
Deposits and prepayments	3,438	(673)	–	–	–	2,765
Financial assets at fair value through profit or loss	–	(2,300)	2,300	–	–	–
	252,629	(37,570)	13,331	–	–	228,390
Current assets						
Inventories	6,488	(1,293)	–	–	–	5,195
Trade and other receivables	34,170	(3,559)	1,617	–	–	32,228
Tax recoverable	2,209	(209)	–	–	–	2,000
Bank balances and cash	47,456	(2)	–	24,609	(10,200)	61,863
Amount due from intra-group companies	–	(122,690)	122,690	–	–	–
	90,323	(127,753)	124,307	24,609	(10,200)	101,286
Current liabilities						
Trade and other payables	(197,618)	38,400	–	–	–	(159,218)
Bank and other borrowings	(20,400)	20,400	–	–	–	–
Provision for production safety	(11,103)	11,101	–	–	–	(2)
Amount due to intra-group companies	–	81,300	(81,300)	–	–	–
	(229,121)	151,201	(81,300)	–	–	(159,220)
NET CURRENT LIABILITIIES	(138,798)	23,448	43,007	24,609	(10,200)	(57,934)

	The Group as at 30 June 2025		Pro Forma Adjustments			The Remaining Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 7)	*(Note 8)*	*(Note 9)*	*(Note 10)*	*(Note 6)*	
Non-current liabilities						
Defferred tax liabilities	(2,815)	–	–	–	–	(2,815)
	(2,815)	–	–	–	–	(2,815)
NET ASSETS	111,016	(14,122)	56,338	24,609	(10,200)	167,641
CAPITAL AND RESERVES						
Share capital	26,305	–	–	–	–	26,305
Reserves	88,928	(14,122)	56,338	24,609	(14,417)	141,336
Equity attributable to equity shareholders of the Company	115,233	(14,122)	56,338	24,609	(14,417)	167,641
Non-controlling interest	(4,217)	–	–	–	4,217	–
Total equity	111,016	(14,122)	56,338	24,609	(10,200)	167,641

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	The Group for the year ended 31 December 2024		Pro Forma Adjustments			The Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 11)	*(Note 12)*	*(Note 3)*	*(Note 13)*	*(Note 6)*	
Cash flows from operating activities						
Profit/(Loss) before taxation	(29,783)	7,729	50,352	(4,928)	–	23,370
Adjustments for:						
Depreciation of property, plant and equipment	20,724	(7,028)	–	–	–	13,696
Amortisation of right-of-use assets	557	(220)	–	–	–	337
Written off of property, plant and equipment	22,427	–	–	–	–	22,427
Interest income	(25)	16	–	–	–	(9)
Net (gain)/loss on disposal of property, plant and equipment	8	(8)	(1,407)	1,407	–	–
Reversal of impairment of other receivables	(9)	9	–	–	–	–
Finance costs	1,099	(783)	–	–	–	316
Gain on disposal of a subsidiary	–	–	–	(45,424)	–	(45,424)
Provision for production safety	994	(833)	–	–	–	161
Operating cash flows before movements in working capital	15,992	(1,118)	48,945	(48,945)	–	14,874
(Increase) decrease in inventories	(3,642)	1,366	–	–	–	(2,276)
(Increase) decrease in trade and other receivables	3,105	(4,427)	(3)	3	–	(1,322)
Increase (decrease) in trade and other payables	7,210	(6,223)	–	–	–	987
Increase (decrease) in provision for production safety	(2,829)	2,558	–	–	–	(271)

	The Group for the year ended 31 December 2024		Pro Forma Adjustments			The Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 11)	*(Note 12)*	*(Note 3)*	*(Note 13)*	*(Note 6)*	
Cash generated from (used in) operations	19,836	(7,844)	48,942	(48,942)	–	11,992
PRC Enterprise Income Tax expense	(2,146)	–	–	–	–	(2,146)
Net cash generated from (used in) operating activities	17,690	(7,844)	48,942	(48,942)	–	9,846
Investment activities						
Payment for purchase of property, plant and equipment	(23,333)	1,835	–	–	–	(21,498)
Payment for purchase of right-of-use assets	(18)	–	–	–	–	(18)
Proceeds from disposal of property, plant and equipment	65	(65)	–	–	–	–
Payments for PPE acquired in previous years	(695)	(482)	–	–	–	(1,177)
Interest received	25	(16)	–	–	–	9
Net cash inflow/(outflow) on disposal of subsidiaries	–	(2,770)	–	24,609	–	21,839
Net cash used in investing activities	(23,956)	(1,498)	–	24,609	–	(845)
Financing activities						
Proceeds from new bank and other borrowings	18,000	(10,000)	–	–	–	8,000
Repayment of bank and other borrowings	(11,100)	6,100	–	–	–	(5,000)
Interest paid on bank and other borrowings	(852)	783	–	–	–	(69)
(Repayments to)/Advance from ultimate controlling party	3,529	–	–	–	–	3,529
(Repayment to)/Advance from the target company	–	2,246	(48,942)	48,942	–	2,246
(Repayments to)/Advance from directors	499	–	–	–	–	499
Net cash flow from acquisition of additional equity interest of a subsidiary	–	–	–	–	(10,200)	(10,200)

	The Group for the year ended 31 December 2024		Pro Forma Adjustments			The Remaining Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 11)	*(Note 12)*	*(Note 3)*	*(Note 13)*	*(Note 6)*	
Net cash generated from financing activities	10,076	(871)	(48,942)	48,942	(10,200)	(995)
Net increase in cash and cash equivalents	3,810	(10,213)	–	24,609	(10,200)	8,006
Cash and cash equivalents at beginning of year	45,444	–	–	–	–	45,444
Effect of changes in foreign exchange rate	(770)	–	–	–	–	(770)
Cash and cash equivalents at end of year	48,484	(10,213)	–	24,609	(10,200)	52,680

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1 The amounts are extracted from the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2024 as set out in the published annual report of the Company for the year ended 31 December 2024.

2 The adjustment represents the exclusion of the operating results of the Target Company for the year ended 31 December 2024, which were extracted from the unaudited statement of profit or loss and unaudited statement of profit or loss and other comprehensive income of the Target Company for the year ended 31 December 2024, as if the Disposal had been completed on 1 January 2024.

3 The adjustment reflects the financial impacts agreed between the parties pursuant to the Agreement, calculated as if the Disposal had been completed on 1 January 2024. This includes a loss of approximately RMB331,000 on the disposal of financial assets at fair value through profit or loss, and a loss of approximately RMB1,407,000 on the disposal of property, plant, and equipment. Additionally, trade and other receivables of approximately RMB3,000 were recognized as an expense. Finally, net amounts due from the Remaining Group, totaling approximately RMB48,611,000, were waived under this adjustment.

4 Calculation of estimated pro forma gain on the Disposal, assuming it was completed on 1 January 2024, as follows:

	RMB'000
Cash consideration	24,609
Financial assignment	50,352
Less: Net assets of the Target Company as at 1 January 2024	(29,537)
Estimated pro forma gain on disposal of the Target Company as if the Disposal had been completed on 1 January 2024	45,424

	RMB'000
Net cash inflow arising on disposal:	
Cash consideration	24,609
Less: Bank balances and cash disposed at 1 January 2024	(2,770)
	21,839

5 The adjustment represents the transactions between the Group and the Target Company during the year ended 31 December 2024. These items would have been recorded as income and expense of the Remaining Group for the year ended 31 December 2024, as if the Disposal had been completed on 1 January 2024.

6 This adjustment represents the increased equity interest of a subsidiary within the Remaining Group, arising from the assignment of the Target Company's financial assets at fair value through profit or loss (specifically, an 8% equity interest in Wanzhi Logistics) to the Remaining Group. Concurrently, the non-controlling party, Shanxi Qinshui Prefecture Chengrong Investment Limited* (沁水縣盛融投資有限責任公司) (the "**Chengrong Investment**"), has agreed to provide a consent letter to the relevant Chinese government authorities for the share transfer registration, should the Group proceed to acquire Chengrong Investment's 17% equity interest in Wanzhi Logistics for a consideration of approximately RMB10,200,000.

The financial assets at fair value through profit or loss of the Target Company represents the 8% equity interest of Wanzhi Logistics which is a subsidiary of the Company in Remaining Group indirectly holding total its 83% equity interest as at 31 December 2024 and before the further acquisition related to the completion of the Disposal.

7 The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2025 as set out in the published interim report of the Company for the six months ended 30 June 2025.

8 The adjustment represents the exclusion of the assets and liabilities of the Target Company as at 30 June 2025, which have been extracted from the unaudited statement of financial position of the Target Company, Shanxi Qinshui Shuntai Energy Development Company Limited, as if the Disposal had been completed on 30 June 2025.

9 The adjustment reflects the financial realignments agreed upon by the parties pursuant to the Agreement, calculated as if the Disposal had been completed on 30 June 2025. This includes the transfer of financial assets at fair value through profit or loss approximately RMB2,300,000 and property, plant, and equipment approximately RMB11,031,000 to the Remaining Group. Furthermore, the Remaining Group will settle trade and other receivables of approximately RMB366,000, while the net amounts due from the Remaining Group of approximately RMB41,390,000 will be assigned to the vendor.

10 The adjustment represents a consideration received for the Disposal.

11 The amounts are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 December 2024 as set out in the published annual report of the Company for the year ended 31 December 2024.

12 The adjustment represents the exclusion of the cash flows of the Target Company for the year ended 31 December 2024 which were extracted from the unaudited statement of cash flows of the Target Group, as if the Disposal had been completed on 1 January 2024.

13 The adjustment represents the calculation of estimated pro forma gain on the Disposal as if the Disposal had been completed on 1 January 2024.

14 The adjustments in respect of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows above are not expected to have a continuing effect on the Remaining Group.

15 No adjustment has been made to reflect any trading or other transactions of the Group entered into subsequent to 1 January 2024 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows and those enter into subsequent to 31 December 2024 for the unaudited pro forma consolidated statement of financial position.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report in respect of the unaudited pro forma financial information received from the independent reporting accountant, KTC Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

To the Board of Directors of China CBM Group Company Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China CBM Group Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024, and related notes as set out on III-1 to III-12 of Appendix III of the circular dated 29 December 2025 (the "**Circular**") in connection with the proposed disposal of the Group's entire equity interest in Shanxi Qinshui Shuntai Energy Development Company Limited* (山西沁水順泰能源發展有限公司) (the "**Target Company**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Disposal on the Group's consolidated financial position as at 30 June 2025 as if the Disposal had taken place at 30 June 2025, and the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2024 as if the Disposal had taken place at 1 January 2024. As part of this process, information about the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows has been extracted by the directors of the Company from the Group's annual report for the year ended 31 December 2024, on which an auditor's report has been published; and information about the Group's consolidated statement of financial position has been extracted by the director of the Company from Group's interim report for the six months ended 30 June 2025, in which an interim report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 June 2025 or 1 January 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong, 29 December 2025

Room 1305-7, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong

Following the Disposal, the Remaining Group will continue to carry out its existing businesses save as the manufacture and sales of liquefied coalbed gas in the PRC. Set out below are the management discussion and analysis of the Remaining Group for each of the years ended 31 December 2022 ("**FY2022**"), 2023 ("**FY2023**") and 2024 ("**FY2024**").

FINANCIAL REVIEW

FY2022

The Remaining Group recorded a consolidated turnover of approximately RMB157,717,000 for FY2022 (assuming the piped natural gas sold by the Remaining Group to the Target Company for FY2022 was sold to external customers at the same selling price as that charged by the Remaining Group from the Target Company), representing a decrease of approximately 7.26% compared with that of the year ended 31 December 2021 ("**FY2021**"). Such decrease was mainly due to a decrease in provision of gas supply connection services of approximately RMB8,869,000 to approximately RMB21,443,000 in FY2022.

The Remaining Group recorded a profit attributable to equity shareholders of the Company for FY2022 of approximately RMB90,078,000 compared with a loss attributable to equity shareholders of the Company for FY2021 of approximately RMB1,731,000, which was mainly due to

(i) the gain on disposal of Guangxi Beiliu Gas Co., Ltd.* (廣西北流燃氣有限公司) business (the "**Guangxi Business**") of approximately RMB100,797,000 recorded in FY2022;

(ii) the increase in other income from RMB7,485,000 to RMB16,446,000, mainly attributable to the unconventional subsidy of approximately RMB8,185,000 granted in FY2022 by the Central Finance Bureau to Yangcheng Huiyang New Energy Development Company Limited* (陽城縣惠陽新能源發展有限公司) ("**Yangcheng Huiyang**") as awards for its coalbed gas production in Shanxi;

(iii) the increase in equity-settled share-base payment of RMB6,468,000 due to a share options granted in FY2022;

(iv) in view of increase in the unit selling price for piped natural gas, a subsidiary in the PRC turn a operating loss to a profit in FY2022, therefore, a reversal of impairment on property, plant and equipment of approximately RMB14,716,000 was recognised in FY2022; and

(v) the increase in income tax expenses by RMB7,240,000 in FY2022 because (a) an enterprise income tax derived by a dividend paid from a PRC subsidiary to its overseas immediate holding company; and (b) an enterprise income tax paid in relation to the gain on disposal of a PRC subsidiary in FY2022.

FY2023

The Remaining Group recorded a consolidated turnover of approximately RMB52,454,000 for FY2023 (assuming the piped natural gas sold by the Remaining Group to the Target Company for FY2023 was sold to external customers at the same selling price as that charged by the Remaining Group from the Target Company), representing a decrease of approximately 66.74% compared with that of FY2022, which was mainly because RMB106,259,000 in the turnover of FY2022 were contributed by the disposed Guangxi Business.

The Remaining Group recorded a loss attributable to equity shareholders of the Company for FY2023 of approximately RMB7,101,000 compared with a profit attributable to equity shareholders of the Company for FY2022 of approximately RMB90,078,000. The reasons for the turnaround from profit to loss were mainly due to

(i) the gain on disposal of the Guangxi business of approximately RMB100,797,000 recorded in FY2022 and no such gain in FY2023;

(ii) the equity-settled share-based payment of RMB6,468,000 due to share options granted in FY2022 and no such expenses in FY2023; and

(iii) the income tax expenses of RMB7,240,000 in FY2022 because (a) an enterprise income tax derived by a dividend paid from a PRC subsidiary to its overseas immediate holding company; and (b) an enterprise income tax paid in relation to the gain on disposal of a PRC subsidiary in FY2022. No such corporate action occurred in FY2023, therefore, income tax expense significantly decreased in FY2023.

FY2024

The Remaining Group recorded a consolidated turnover of approximately RMB88,671,000 for FY2024 (assuming the piped natural gas sold by the Remaining Group to the Target Company for FY2024 was sold to external customers at the same selling price as that charged by the Remaining Group from the Target Company), representing an increase of approximately 69.05% compared with that of FY2023. Such increase was mainly due to the increase in the volume of piped natural gas purchased for sale by the Remaining Group in FY2024 as the scale of production (i.e. volume of natural gas supply) of one of its suppliers increased in 2024 due to such supplier's exploitation of new gas block.

The Remaining Group recorded a loss attributable to equity shareholders of the Company for FY2024 of approximately RMB25,012,000 compared with that of approximately RMB7,101,000 for FY2023. Such increase was mainly due to

(i) the written off of construction in progress of approximately RMB22,427,000 in FY2024 as the well drilling development project has been terminated. It is unlikely that the Group will recover any returns from such project in the foreseeable future, as a result, the related construction works are deemed unfeasible and be written off in FY2024; and

(ii) the decrease in value-added tax refund and government grant by approximately RMB8,631,000 in aggregate for FY2024 compared to that for FY2023.

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS

Resources and Reserves

Yangcheng Huiyang has interest in certain CBM properties located at Shanxi Province, the PRC. These CBM properties are located at various coal mine areas owned by Shanxi Yangcheng Yangtai Group Industrial Company Limited* (山西陽城陽泰集團實業有限公司). Development within the Yangcheng gas block is focused on the #3 and #15 coal seams. 100% of Yangcheng Huiyang's equity interests is held by one of the wholly-owned subsidiaries of the Remaining Group.

The movements in the reserves of certain CBM properties as each of 31 March 2012, 31 December 2022, 31 December 2023 and 31 December 2024 are set out below:

	Reserve evaluation of the CBM properties as at 31 December 2024 BCF	Reserve evaluation of the CBM properties as at 31 December 2023 BCF	Reserve evaluation of the CBM properties as at 31 December 2022 BCF	Reserve evaluation of the CBM properties as at 31 March 2012 BCF
Total original gas in place on all blocks	193.6	193.6	193.6	272.4
Net 1P (Proved) reserves	108.9	108.9	108.9	3.5
Net 2P (Proved + Probable) reserves	154.7	154.7	154.7	27.7
Net 3P (Proved + Probable + Possible) reserves	193.6	193.6	193.6	205.0

The change in the 1P, 2P and 3P is based on the professional advice by the Engineer of our Remaining Group.

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, Netherlands, 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 "Yangcheng Huiyang" 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.

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

FY2022

As at 31 December 2022, the Remaining Group has completed the ground work and drilling of 229 CBM wells, among which 164 wells were in production, representing no change in number of wells compared with the number of wells at the end of FY2021. The operating wells with stable production since they had been put in operation.

FY2023

As at 31 December 2023, the Remaining Group has completed the ground work and drilling of 229 CBM wells, among which 164 wells were in production, representing no change in number of wells compared with the number of wells at the end of FY2022. The operating wells with stable production since they had been put in operation.

FY2024

As at 31 December 2024, the Remaining Group has completed the ground work and drilling of 235 CBM wells, among which 170 wells were in production, representing increase in 6 wells compared with the number of wells at the end of FY2023. The operating wells with stable production since they had been put in operation.

Marketing and Sales

For the three years ended 31 December 2024, the marketing and sales systems did not change significantly and the personnel structure and sales strategies basically remained the same.

Liquidity, Financial Resources and Capital Structure

The Remaining Group's assets portfolio was mainly financed by its shareholders' funds and bank borrowing:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Shareholders' fund of the Remaining Group	258,766	155,386	136,902
Bank borrowing of the Remaining Group	–	–	3,000
Bank borrowing of the Remaining Group denominated in:			
Hong Kong dollar	–	–	0%
Renminbi	–	–	100%

Based on the agreed scheduled repayment date in the loan agreement and ignoring the effect of any repayment on demand clause, the Remaining Group's bank borrowing was repayable:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within the first year	–	–	3,000
Within the second year	–	–	–
Within the third to fifth years	–	–	–
Effective interest rates of bank borrowing per annum	–	–	4.5%

The bank borrowing of the Remaining Group as at 31 December 2024 is at fixed interest rate. The Remaining Group currently does not have any interest rate hedging policy in relation to such interest rate risk for the three years ended 31 December 2024. The Remaining Group would monitor its exposure on an ongoing basis and will consider hedging significant interest rate risk should the need arise.

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net current liabilities of the Remaining Group	37,256	80,844	105,817
Cash and bank balances of the Remaining Group	149,597	42,674	38,271
Cash and bank balances of the Remaining Group denominated in:			
Hong Kong dollar	14.18%	27.56%	27.20%
Renminbi	8.52%	3.18%	2.05%
United States Dollar	77.30%	69.26%	70.75%

To minimise financial risks, the Remaining Group implements stringent financial and risk management strategies and avoids the use of highly-geared financing arrangements. The Remaining Group's gearing ratio, calculated by the Remaining Group's total external borrowings divided by its shareholders' fund, was nil as at 31 December 2022 and was approximately 1.89% and 4.60% as at 31 December 2023 and 31 December 2024 respectively.

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

Charges on the Remaining Group's Assets

As at 31 December 2022, 2023 and 2024, none of the Remaining Group's assets were charged to secure bank borrowings.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, the Remaining Group had no material contingent liabilities.

The Employees

FY2022

As at 31 December 2022, the employees of the Remaining Group totaled 145, among which 6 were R&D staff and 49 were project and customer service staff; 82 were administration staff and 8 were marketing and sales staff. During FY2022, the total cost of staff (including the remuneration of the Directors) recognised in profit or loss account was approximately RMB26,300,000 (FY2021: approximately RMB18,814,000). The remuneration and salary packages and dividend policy of the Remaining Group were determined based on the individual performance of staff. The Remaining Group will continue to offer professional further studies and training to staff.

FY2023

As at 31 December 2023, the employees of the Remaining Group totaled 134, among which 8 were R&D staff and 69 were engineering and customer service staff; 51 were administration staff and 6 were marketing and sales staff. During FY2023, the total cost of staff (including the remuneration of the Directors) recognised in profit or loss account was approximately RMB18,632,000 (FY2022: approximately RMB26,300,000). The remuneration and salary packages and dividend policy of the Remaining Group were determined based on the individual performance of staff. The Remaining Group will continue to offer professional further studies and training to staff.

FY2024

As at 31 December 2024, the employees of the Remaining Group totaled 136, among which 10 were R&D staff and 60 were engineering and customer service staff; 63 were administration staff and 3 were marketing and sales staff. During FY2024, the total cost of staff (including the remuneration of the Directors) recognised in profit or loss account was approximately RMB17,869,000 (FY2023: approximately RMB18,632,000). The remuneration and salary packages and dividend policy of the Remaining Group were determined based on the individual performance of staff. The Remaining Group will continue to offer professional further studies and training to staff.

Impairment of Property, Plant and Equipment and Right-of-use Assets

For the three years ended 31 December 2024, no impairment loss was recognised in respect of certain property, plant and equipment of the Remaining Group.

Risk in Foreign Exchange

The Remaining Group entities collect most of the revenue and incur most of expenditures in their respective functional currencies. The Directors consider that the Remaining Group's exposure to foreign currency exchange is insignificant as the majority of the Remaining Group's transactions are denominated in the functional currency of each individual group entity. The Remaining Group does not currently designate any hedging relationship on the foreign exchange forward contracts for the purpose of the hedge accounting.

Significant Investment, Material Acquisitions and Disposal

On 2 December 2021, the Group entered into the sale and purchase agreement for the disposal of 97.5% equity interest in its subsidiary, Guangxi Beiliu Gas Co., Ltd., to an independent third party. Completion of the disposal took place on 28 September 2022 and the Company ceased to hold any interests in Guangxi Beiliu Gas Co., Ltd..

On 30 September 2022, the Company entered into the sale and purchase agreement with Mr. Wang Zhong Sheng, being the executive Director and chairman of the Board, for the acquisition of the entire issued share capital of Global Billion Holdings Limited. Completion took place on 16 January 2023 and Global Billion Holdings Limited has become the direct wholly-owned subsidiary of the Company.

On 28 March 2023, Shanxi Yangcheng Shuntai Energy Development Company Limited* (山西陽城順泰能源發展有限公司) ("**Shanxi Yuancheng Shuntai**"), a wholly-owned subsidiary of the Company, submitted a bid for acquiring the remaining 20% equity interest in Yangcheng Huiyang. Shanxi Yangcheng Shuntai won the bid. Completion of the acquisition took place on 19 April 2023 and Yangcheng Huiyang becomes an indirect wholly owned subsidiary of the Company.

Save for the above, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the three years ended 31 December 2024.

Apart from the intended investment in upstream CBM exploration and extraction, being financed by internally generated fund and/or the present bank and other facilities of the Remaining Group, the Remaining Group has no specific future plan for major investment, acquisition or disposal of major capital assets or businesses.

Prospects

In 2016, the Remaining Group commenced the R&D on the Technology, C-H to Synthesis of natural gas production, and entered the commercialised design and scaling phase in the second half of 2019. Once the small-scale pilot unit using the Technology is completed, the Remaining Group will promptly conduct advanced demonstration trials overseas (including but not limited to Hong Kong) and invite international experts to evaluate the Technology. As the Technology matures, the Remaining Group will utilise the Technology to collect fees from customers (including natural gas liquefaction plants, city gas companies, and other industrial users) and market raw materials related to such technology.

During the development of the Technology, the Remaining Group discovered a technology for hydrocarbon evolution, enhancing reserves, and increasing production through the thermal transformation of underground coal minerals in coalbed methane fields, referred to as the "thermal extraction technology." The thermal extraction technology, when matures, will not only increase the upstream wellhead production but also enable the Remaining Group to provide thermal extraction services and market related equipment to coalbed methane exploration companies.

The Company has engaged the Hong Kong Productivity Council as technical partner to further develop prototype of commercialisation of the technology.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Win Bailey Valuation and Advisory Limited, an independent valuer, in connection with its valuation as of 31 July 2025 of 100% equity interest of the Shanxi Qinshui Shuntai Energy Development Company Limited.

Win Bailey

Room C, 6/F, World Trust Tower,
50 Stanley Street, Central,
Hong Kong

29 December 2025

The Board of Directors
China CBM Group Company Limited
Room 20, 19/F,
Fortune Commercial Building,
362 Sha Tsui Road,
Tsuen Wan, Hong Kong

Dear Sirs/Madams,

Re: Valuation of Fair Value of the 100% Equity Interest in Shanxi Qinshui Shuntai Energy Development Company Limited (山西沁水順泰能源發展有限公司) as of 31 July 2025

INSTRUCTIONS

This report has been prepared solely for China CBM Group Company Limited (the "Company" or "you"), which has engaged Win Bailey Valuation and Advisory Limited ("Win Bailey" or "we") to perform a valuation in relation to the fair value of the 100% equity interest in Shanxi Qinshui Shuntai Energy Development Company Limited (山西沁水順泰能源發展有限公司) (the "Target") as of 31 July 2025 (the "Valuation Date").

This report states the purpose of valuation, basis of valuation, scope of work, limitations in scope of work, sources of information, overview of the Target, valuation methodology, major assumptions, limiting conditions, remarks and opinion.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Win Bailey acknowledges that this report may be made available to the Company and as a reference in a very substantial transaction (disposal) circular.

We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. BASIS OF VALUATION

Our valuation has been based on fair value, which is defined by International Valuation Standards established by the International Valuation Standards Council as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Target and/or their representative(s) (collectively the "Management").

In the course of our valuation work, we have conducted the following processes to evaluate the reasonableness of the adopted basis and assumptions provided:

- Discussed with the Management in relation to the development, operations and other relevant information of the Target;
- Reviewed relevant financial information and other relevant data concerning the Target provided to us by the Management;
- Performed market research and relevant statistical figures from public sources in relation to the valuation of the Target;
- Prepared valuation models to derive the fair value of the Target; and
- Presented all relevant information on the scope of work, limitations in scope of work, sources of information, overview of the Target, valuation methodology, major assumptions, limiting conditions, remarks and opinion in this report.

We have no reason to believe that any material fact has been withheld from us. Moreover, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

4. LIMITATIONS IN SCOPE OF WORK

In the course of our valuation work, our scope of work for the purpose of the valuation is subject to the following limitations:

- In performing our services, we have relied on the accuracy of information provided by the Management with regards to the Target's financial information and business affairs as well as the outlook for the business. The procedures and enquiries undertaken by us in preparing this report do not include any verification work, nor do they constitute an examination made in accordance with generally accepted auditing standards. As such, we do not express an opinion or offer any forms of assurance regarding the accuracy, reasonableness, completeness or reliability of the information we are based;

- Information furnished by others, upon which all or portions of this report are based, is believed to be reliable. However, we did not independently verify the information and no warranty is given as to the accuracy of such information;

- The result of our work is dependent on the financial information of the Target. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibility for the achievement of predicted results;

- Our analysis is limited to a desktop assessment on the Target, which relied on information provided by the Management. We are not required to perform physical inspection, site visits and verify the legal titles of the assets held by the Target;

- We have considered published market data and other public information, where appropriate, for which we are not responsible for their content and accuracy; and

- Our work has been conducted based on the information available as of the Valuation Date and any subsequent information after the date of this report is not required to reflect in our work.

5. SOURCES OF INFORMATION

For the purpose of our valuation, we have been provided with the information in respect of the Target prepared by the Management. The valuation required the consideration of all relevant factors including, but not limited to, the following:

- Overall business descriptions, operations and development of the Target;
- Consolidated financial statements of the Target as of 31 July 2025;
- The economic outlook in general and the specific economic environment and market elements affecting the Target, industry and market; and
- Other reliable sources of market data.

We have no reason to doubt the truth and accuracy of the information provided to us, and we have been confirmed by the Management that no material facts have been omitted from the information provided to us.

6. OVERVIEW OF THE TARGET

China CBM Group Company Limited (i.e. the Company) (Stock code: 8270.HK) was formerly known as China Leason CBM & Shale Gas Group Company Limited and changed its name to China CBM Group Company Limited in May 2014. The Company was incorporated in 2002 and is headquartered in Tsuen Wan, Hong Kong.

The major production facilities of the liquefaction business are held by the Target, a wholly-owned subsidiary of the Company.

The Target is a limited liability company established in the People's Republic of China ("PRC") on 10 November 2006. According to the Management, it is principally engaged in the operations of a liquefaction plant at Xializhuang Village (下李庄村), Jiafeng Town (嘉峰鎮), Qinshui County and is lying close to the border with Jincheng City (晉城市) and Yangcheng County of Shanxi Province. As of the Valuation Date, the liquefaction plant has a daily gas liquefaction capacity of 500,000 cubic meters.

7. VALUATION METHODOLOGY

In conducting the valuation, we have considered three generally accepted approaches, including income approach, market approach and cost approach.

7.1. General Valuation Approaches

7.1.1 Income Approach

Income Approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition.

7.1.2 Market Approach

Market Approach measures the value of an asset through an analysis of recent sales or offerings of comparable property. Sales and offering prices are adjusted for differences in location, time of sale, utility, and the terms and conditions of sale between the asset being appraised and the comparable properties.

7.1.3 Cost Approach

Cost Approach measures the value of an asset by the cost to reproduce or replace it with another of like utility. To the extent that the asset being valued provides less utility than a new asset, the reproduction or replacement cost would be adjusted to reflect appropriate physical deterioration, functional and economic obsolescence.

7.2. Adopted Approach for the Valuation of the Target

Among the abovementioned valuation approaches, the selection of the valuation approach in valuing the Target is based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the Target's business operations and nature of the industry the Target is participating, professional judgment and technical expertise.

The principal business of the Target is manufacturing and selling liquefied coalbed gas in the PRC. Based on the selection criteria of listed comparable companies with sufficient public information, and with revenue solely from manufacturing and selling liquefied coalbed gas in PRC, there are insufficient suitable comparable companies which can be adopted. As such, the market approach is not appropriate in this valuation. And as advised by the Management, due to the uncertainty of the future business development, the Management is not able to provide a reliable financial projection of the Target's business, the income approach is not suitable to be adopted. The asset-based approach under the cost approach was considered to be the most appropriate valuation approach in this valuation. It is based on the economic principle of substitution; it essentially measures what is the net asset value as at the Valuation Date and how much it would cost to replace those net assets. The adjusted net asset value method is used to estimate the fair value of the Target.

7.3. Valuation under the Cost Approach

The adjusted net asset value method under the cost approach was considered to be the most appropriate valuation approach in this valuation. This method is based on the principle that the summation of the fair values of the individual assets represents the total value of the Target. The fair value of the equity interest can be derived by subtracting the fair value of total liabilities from the total assets of the Target.

Based on the Target's statement of financial position as of 31 July 2025, in our analysis, we have separately identified the assets and liabilities of the Target as follows:

(i) Non-current Assets

(a) Property, Plant and Equipment and Right-of-use Asset/Prepaid Land Lease Payment

The property, plant and equipment mainly includes the plant and machinery (the "Plant and Machinery") under liquefaction business included containerized gas filling skid (集裝箱式加氣撬), safety instrumented system (SIS) for major hazard sources (重大危險源安全儀錶系統（SIS整套）), new nitrogen generation equipment (新制氮機設備), etc.; and the properties (the "Properties") which represents the buildings for operation management, storage and the infrastructures for supporting the development operation situated in Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province.

The right-of-use asset/prepaid Land Lease Payment (the "Right-of-use Asset") represented the right of use of a parcel of land situated in Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province. According to the Real Estate Certificates No. Qin Guoyong (2009) No. 040 (沁國用(2009)第040號), the site area of a parcel of land is about 51,902 sq.m., for industrial use and the land tenure expiry date is in 2068.

Valuation Approaches

There are three recognized and accepted approaches for property valuation, namely the direct comparison approach, income or earnings approach, and depreciated replacement cost approach ("DRC").

(1) Direct Comparison Approach

Direct comparison approach is considered as the most appropriate method of valuation when comparable information is adequate. Comparable properties of similar nature, character and location are analyzed. Adjustments will be applied to the said comparable properties to reflect items such as location, size, building age, floor level, view and layout, and then carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the market value of a property.

(2) Income or Earnings Approach

This is a technique in which the estimated stream of future benefits may be enjoyed by reason of ownership, usually the anticipated or projected earnings, is processed to indicate the amount measured through capitalization of net income or application of multiples derived from financial analysis of similar industries.

(3) Depreciated Replacement Cost Approach

The depreciated replacement cost ("DRC") approach is a valuation approach that estimates a property's current value by first determining the cost to build a new, modern equivalent with similar utility, and then subtracting allowances for physical deterioration and obsolescence.

Valuation of the Properties

The Properties are specifically used as liquefaction business facilities. The Properties were built with specific requirements such as building materials, capacities on chemical and electricity ancillary facility for which the buildings and structures of the Properties has been constructed. The Properties are unlikely be used for other ordinary manufacturing activities. According to our market research, such specific type of facility is not readily available in the market. Furthermore, the specialize facilities in which the properties were located was tailor-made on electricity supply on the chemical industry to develop the liquefaction business production there. Therefore there are no readily identifiable market comparables. As such, the direct comparison approach is not appropriate in the circumstances.

The Properties are not under any existing lease and as mentioned above, chemical products of liquefaction business project facilities are not readily available in the market, therefore, the net rental income for such type of property achievable in the existing market is not known. Accordingly, the income approach is not appropriate in the circumstances.

The DRC is derived from a market value of the bare land based on direct comparison approach, plus the current cost of replacing the structures existing on the bare land less deductions for physical deterioration and all relevant forms of obsolescence and optimization (if applicable). In practice, DRC approach may be used as a substitute for ascertaining the market value of specialized purpose-built property, due to the lack of market comparables available. Due to the specialized purpose-built nature of the property with specific requirements designed for liquefaction business facility and the lack of market comparables available as mentioned above, the DRC approach may be used as a substitute for valuing the buildings and structures of the property. Physical deterioration would be an adjustment on physical condition for the asset based on its depreciation of used years. We have also considered the obsolescence and optimization, if applicable. Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business, therefore, we have considered the capability with respect to the operation of the business. Physical depreciation is the loss in value due to physical deterioration resulting from wear and tear in operation and exposure to elements. Deterioration due to age and deterioration due to usage are the main factors that affect physical condition.

We considered RMB1,550 per sq.m. as unit cost with reference to a tender announcement for construction of an industrial complex in Qinshui County, Jincheng City, Shanxi Province, which is considered to be reasonable to be adopted as the replacement costs of the Properties as new. Adjustments including depreciation rate of approximate 26.8% on useful life of the Properties were applied to account for the wear and tear to the Properties and we finally adopted RMB1,135 per sq.m. as the adopted unit cost.

The total site area of the Properties is 7,814.4 sq.m., the Properties' market value is thus calculated as 7,814.4 sq.m. multiplied by approximately RMB1,135 per sq.m., which equals approximately RMB8,860,000.

Valuation of the Plant and Machinery

In the valuation of the Plant and Machinery, the DRC approach was adopted. The DRC approach considers the cost to reproduce or replace in new condition the Plant and Machinery appraised in accordance with current market prices for similar assets or by making reference to the purchase price of similar assets, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present (if applicable), whether arising from physical, functional or economic cause. It generally furnishes the most reliable indication of value for assets with specific purpose and without known used market. Physical depreciation is the loss in value due to physical deterioration resulting from wear and tear in operation and exposure to elements. Deterioration due to age and deterioration due to usage are the main factors that affect physical condition.

Valuation of the Right-of-use Asset

For the Right-of-Use Asset, applicable valuation methods include: (i) the direct comparison approach, preferred when sufficient, recent evidence of comparable leasehold transactions exists, with adjustments for location, tenure terms, condition, and time; (ii) income approach, including the leasehold interest discounted cash flow (DCF), which measures the lessee's economic benefit when contract rents differ from market rents by discounting the resulting differential cash flows over the remaining lease term, and the relief from rent method, which values the benefit of control by capitalizing the market rent that would otherwise be payable, net of contractual payments and associated costs; and (iii) the cost approach (i.e. DRC approach), used less frequently for right-of-use interests because the lessee does not own the underlying asset, but relevant when assessing the replacement cost of lease specific fit outs or improvements as part of a composite interest. We adopted the direct comparison approach over the income and cost approaches because recent, reliable comparable leasehold transactions provided a direct market benchmark, whereas income models require additional assumptions about market rents and discount rates, and the cost approach does not directly reflect leasehold market value.

When valuing the Right-of-use Asset, we have identified and considered the following formed, levelled and vacant land parcels designated for industrial uses situated in Qinshui County, Jincheng City, Shanxi Province that have been sold by the PRC government through open bidding closed to the Valuation Date:

- Land parcel situated at Qinshui County, Jincheng City, Shanxi Province with a land area of 5,444 sq.m. transacted on 12 May 2025 at a consideration of RMB2,300,000 @ unit rate of RMB422 per sq.m. The permitted use of the land parcel is for industrial uses.

- Land parcel situated at Qinshui County, Jincheng City, Shanxi Province with a land area of 12,000 sq.m. transacted on 12 May 2025 at a consideration of RMB4,320,000 @ unit rate of RMB360 per sq.m. The permitted use of the land parcel is for industrial uses.

In view of the high similarity of the comparable properties in term of location (both are in the vicinity to the Right-of-use Asset), accessibility (the regions in which the comparable properties are located are well served by transportation infrastructures and highway networks), industrial complex features and permitted use, we have taken the average of their unit land price and considered the remaining on land use rights factor (being the adjusted unit rate of approximately RMB380 per sq.m.) to come up with the market value of the Right-of-use Asset. In view of the remaining term of land use right of the Right-of-use Asset compare to the new granted land, we have allowed for approximately 3% discount of the land unit rate for the Right-of-use Asset.

The site area of the Right-of-use Asset is 51,902 sq.m., its market value is thus calculated as 51,902 sq.m. multiplied by approximately RMB380 per sq.m., which equals approximately RMB19,730,000.

The material difference arises because we have adopted a current market unit rate of approximately RMB380 per sq.m. in valuing the Right-of-use Asset, compared with that of the carrying amount of approximately RMB150 per sq.m. (RMB7,778,510 divided by 51,902 sq.m.) of which the land use right was obtained in 2009.

<u>Conclusion</u>

After discussion with Management and analysis of asset characteristics, we conclude that: (i) for the Right-of-use Asset, the direct comparison approach is the most appropriate when adequate, recent, and reliable comparable evidence exists, with comparable properties of similar nature, character, and location analyzed to provide a market-led indicator of value; and (ii) for the Properties (buildings and structures), the DRC approach is adopted as a surrogate for market value, derived from the market value of the bare land (by direct comparison) plus the current cost of replacing the existing structures, less deductions for physical deterioration and all relevant forms of obsolescence and optimization (if applicable), which is appropriate given the specialized, purpose-built liquefaction design and the absence of market comparables; and (iii) for the Plant and Machinery, consistent with industry norms and market practice for specialized assets lacking an active secondary market, the DRC approach is considered more appropriate, reflecting the cost to replace the service potential with modern equivalents, adjusted for physical wear, functional inefficiencies, and any economic obsolescence.

(b) Warranty Deposits and Prepayment for Electricity

Considering the nature and significance of carrying amounts of the warranty deposits and prepayment for electricity which do not have significant revaluation gains or losses, we consider their respective carrying amounts approximate to their fair value as of the Valuation Date.

(ii) Current Assets

(a) Paid in Advances

After discussion with the Management and analyzing their natures, the paid in advances are expected to be realized within a short period of time and thus the effect of discounting of the paid in advances would be immaterial. Therefore, we consider the respective carrying amounts of the paid in advances are appropriate in representing their fair values as of the Valuation Date.

(b) Bank Balances and Cash

After discussion with the Management and analyzing their natures, the bank balances and cash are highly liquid in the market and are readily convertible into cash. Thus their respective carrying amounts are considered to be appropriate in representing their fair values as of the Valuation Date.

(c) Inventories

After discussion with the Management and analyzing their natures, the carrying amounts of these inventories have no indication of further impairment and they can be realized in the short term. Therefore, we consider the respective carrying amounts of the inventories are appropriate in representing their fair values as of the Valuation Date.

(d) Tax Recoverables and VAT Recoverables

After discussion with the Management and analyzing their natures, the carrying amounts of these tax assets were considered to be recovered/utilized in the near future. Therefore, we consider the respective carrying amounts of these tax assets are appropriate in representing their fair values as of the Valuation Date.

(iii) Current Liabilities

(a) Trade Payables, Other Payable and Accruals

After discussion with the Management and analyzing their natures, the carrying amounts of these payables represent the amounts that the Target have to be settled and the effect of discounting of these payables would be immaterial. Therefore, we consider the respective carrying amounts are considered to be appropriate in representing their fair values as of the Valuation Date.

(b) Receipt in Advances

After discussion with the Management and analyzing their natures, the carrying amounts of the receipt in advances are considered to be recognized as revenue in the short term. Therefore, we consider the respective carrying amounts of the receipt in advances are appropriate in representing their fair values as of the Valuation Date.

(c) Other Provision

After discussion with the Management and analyzing their natures, the carrying amounts of the other provision are the safety production expenses set aside by the Target in accordance with prescribed standards and specifically used to improve and enhance safety production conditions. Therefore, we consider the respective carrying amounts of the other provision are appropriate in representing their fair values as of the Valuation Date.

(d) Interest Payable, Bank Borrowings and Other Borrowings

After discussion with the Management and analyzing their natures, the bank borrowings are due for repayment in 2026, while other borrowings are repayable on demand. The interest payable represents the related interest arising from the borrowings. They represent the balances that the Target has agreed to pay to the lenders. Therefore, we consider the respective carrying amounts of the interest payable, bank borrowings and other borrowings are appropriate in representing their fair values as of the Valuation Date.

8. MAJOR ASSUMPTIONS

In conducting our valuation work, certain major assumptions have to be adopted in order to sufficiently support our conclusion of value. In addition, our valuation analyses are also subject to specific representations and certain principal assumptions that the Management considers necessary and appropriate for adoption in our analyses (as outlined below).

- The information provided and the representations made by the Management with regard to the Target's financial and business affairs are accurate and reliable;

- There is no identifiable intangible asset as of the Valuation Date;

- The Target will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business operations;

- The Target has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Target operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;

- Upon expiry of the current permits, business certificates, licenses and/or legal approvals, the Target is able to renew all such documents to operate the business with de minimis expenses;

- There will be sufficient supply of technical staff in the industry in which the Target operates or intends to operate, and the Target will retain competent management, key personnel and technical staff to support their ongoing operations and developments;

- There will be no major changes in the current taxation laws in the localities in which the Target operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major changes in the political, legal, economic or market conditions in the localities in which the Target operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target;

- There will be no material changes in the relevant interest rates and exchange rates that would impact the Target's business; and

- There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Target as of the Valuation Date.

In the event actual events do not accord with one or more of the above assumptions, the resulting value of the Target may vary substantially from the figure as set out in this report.

8 LIMITING CONDITIONS

The valuation reflects facts and conditions existing as of the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinion, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We have not verified the accuracy of the information provided and have assumed that the aforesaid information is accurate. We have not conducted any further investigations concerning whether all data have been provided to us for our assessment and we have no reason to believe that any material data have been withheld from us.

We would particularly point out that our valuation were based on the information such as the financial data, company background, and business nature and development of the Target provided to us.

Our conclusion of the value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

By its very nature, valuation work cannot be regarded as an exact science and the conclusion arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

This report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated in **Section 1 – Purpose of Valuation**, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown. The title of this report shall not pass to the Company until all professional fees have been paid in full.

9 REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

10 OPINION

The table below summarizes the carrying amounts and the fair values of the assets and liabilities held by the Target as of the Valuation Date:

Summary Table of the Valuation Results as of the Valuation Date

	Carrying Amount *(RMB)*	Fair Value *(RMB)*	Difference *(RMB)*
Non-current Assets			
Property, Plant and Equipment	15,635,147	15,374,958	(260,189)
Right-of-use Assets/Prepaid Land Lease Payment	7,778,510	19,730,000	11,951,490
Warranty Deposits and Prepayment for Electricity	657,514	657,514	–
Sub-total of Non-current Assets	**24,071,171**	**35,762,472**	**11,691,301**
Current Assets			
Paid in Advances	866,102	866,102	–
Bank Balances and Cash	154,707	154,707	–
Inventories	1,293,390	1,293,390	–
Tax Recoverables	209,016	209,016	–
VAT Recoverables	818,559	818,559	–
Sub-total of Current Assets	**3,341,774**	**3,341,774**	**–**
Current Liabilities			
Trade Payables	28,803,223	28,803,223	–
Other Payable and Accruals	6,937,165	6,937,165	–
Receipt in Advances	631,581	631,581	–
Interest Payable	1,843,806	1,843,806	–
Other Provision	10,814,834	10,814,834	–
Bank Borrowings	10,000,000	10,000,000	–
Other Borrowings	10,400,000	10,400,000	–
Sub-total of Current Liabilities	**69,430,609**	**69,430,609**	**–**
Adjusted Net Asset Value	**(42,017,664)**	**(30,326,363)**	**11,691,301**

Based on the above, the fair value of all the assets of the Target after subtracted by its aggregate liabilities amounted to a negative amount of approximately RMB30.33 million as of the Valuation Date. As the adjusted net asset value of the Target is a negative amount, we concluded that the 100% equity interest in the Target as of the Valuation Date **has no commercial value**.

We hereby confirm that we have neither present nor prospective interests in the Company, the Target, or the values reported herein.

Yours faithfully,
For and on behalf of
Win Bailey Valuation and Advisory Limited

Jason Wong, CPA
Director

Note: Mr. Jason Wong Tsz Fung is a member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience with proven track record in multiple professional service industries, including audit, business advisory with a focus on valuation. He has substantial practical experience in providing various types of valuation for publicly listed and private companies in Hong Kong, the PRC, Southeast Asia and the United States. His experience in M&A transactions covers a wide range of industries including mining, automotive consultancy services, catering and healthcare.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

Long position in the Shares, 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	2,264,812 *(Note 1)*	0.58%
	Beneficial owner	Personal	288,661,440	73.93%
Mr. Chang Jian	Beneficial owner	Personal	2,500,000	0.64%
Mr. Wang Chen	Beneficial owner	Personal	250,000	0.06%
Mr. Leung Chi Ho	Beneficial owner	Personal	800,000 *(Note 2)*	0.2%
Ms. Li Siliang	Beneficial owner	Personal	487,500	0.12%

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. Mr. Leung Chi Ho is interested as a grantee of options to subscribe for 800,000 Shares under the share option scheme adopted by the Company on 28 March 2022.

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

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

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares, (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares

Name	**Number of Shares**	**Nature of interest**	**Approximate percentage of shareholding**
Ms. Zhao Xin *(Note)*	290,926,252	Interest of spouse	74.51%

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

Save as disclosed above, as at the Latest Practicable Date, the Directors or the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING INTERESTS

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

5. LITIGATION

On 12 August 2021, 中聯煤層氣有限責任公司 China United Coalbed Methane Co., Ltd. (the "**Plaintiff**") filed a civil lawsuit (case number: (2021)京0105民初92964) with Chaoyang District People's Court in Beijing against Yangcheng Shun An Gathering Pipeline Company Limited* (陽城縣順安集輸管道有限公司) ("**Yangcheng Shun An**") and Shanxi Yangcheng Shuntai (the "**Defendants**"), both being wholly-owned subsidiaries of the Company. The Plaintiff demanded payment of approximately RMB22,311,000 for unpaid upfront exploration fees, other expenses under the Cooperation Contract, (as defined below) and a penalty of approximately RMB5,293,000 (the "**Penalty**") for breach of the said contract.

The case originated on 17 March 2014, when Yangcheng Shun An and the Plaintiff signed the "Coalbed Methane Resource Exploration and Development Cooperation Contract" (the "**Cooperation Contract**"), where Yangcheng Shun An would pay for expenses in respect of exploration operations. The upfront exploration amounted to RMB30,000,000 pursuant to the Cooperation Contract, of which RMB10,000,000 (the "**Exploration Fee**") was paid to the Plaintiff after the said contract became effective. As of 16 March 2017, due to the lack of recorded coalbed methane reserves within the contract area by the Ministry of Land and Resources, the Cooperation Contract was terminated with a remaining amount of RMB20,000,000 being unpaid.

On 28 June 2023, the Chaoyang District People's Court of Beijing issued a first-instance judgment demanding that Yangcheng Shun An compensate the Plaintiff for exploration fees and other expenses totaling approximately RMB22,067,000, but rejected the Penalty claim.

On 7 July 2023, case number: (2023) 京 03 民終 16192, Yangcheng Shun An appealed to the Beijing Third Intermediate People's Court, requesting a legal judgment to reject all claims of the Plaintiff and to return the RMB10,000,000 of the Exploration Fees to Yangcheng Shun An. The grounds for appeal were that the Cooperation Contract had undergone substantial changes in its content and that the Plaintiff had no evidence to prove it used the Exploration Fees and, therefore had no right to demand the payment of related expenses incurred pursuant to the Cooperation Contract from Yangcheng Shun An. However, on 16 January 2014, the Beijing Third Intermediate People's Court had made a legal judgment (Second-instance judgment) to reject all the appeal. As Yangcheng Shun An was absorbed and merged by Yangcheng Huiyang, being wholly-owned subsidiaries of the Company, Yangcheng Huiyang and Shanxi Yangcheng Shuntai should bear the responsibility cooperatively.

As of 31 December 2024, the relevant amount payable of approximately RMB22,000,000 has been recorded and included in payables for acquisition of property, plant and equipment.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinions in this circular are as follows:

Name	Qualifications
KTC Partners CPA Limited	Certified public accountants
Win Bailey Valuation and Advisory Limited	Independent professional valuer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

Save for the Agreement, no other contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material.

9. MISCELLANEOUS

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

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

(c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Investor Services Limited located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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

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

(f) The Company's audit committee (the "**Audit Committee**") currently comprises all three independent non-executive Directors, namely, Mr. Lau Chun Pong (Chairman), Mr. Xu Yuan Jian and Mr. Wang Zhi He. The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements and half year reports; (b) to serve as a focal point for communication between Directors, the external auditors and internal auditors; (c) to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and the effectiveness of the Group's internal control and risk management system; and (d) to review the appointment of external auditors on an annual basis as well as to ensure independence of the continuing auditors. Mr. Lau Chun Pong has appropriate professional qualifications, accounting and financial management expertise as required under the GEM Listing Rules. For further information in relation to the background and directorships (and past directorships), if any, of members of the Audit Committee, please refer to the annual report of the Company for the year ended 31 December 2024 published on 30 April 2025.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available at the website of the Company at https://hkirplatform.com/8270/en/index.php and on the website of the Stock Exchange for a period of not less than 14 days from the date of this circular up to and including the date of the SGM:

(a) the Agreement;

(b) the annual reports of the Company for each of the three years ended 31 December 2022, 2023 and 2024;

(c) the letter on the financial information of the Target Company issued by KTC Partners CPA Limited, the text of which is set out in Appendix II to this circular;

(d) the letter on the unaudited pro forma financial information of the Remaining Group issued by KTC Partners CPA Limited, the text of which is set out in Appendix III to this circular;

(e) the valuation report prepared by Win Bailey Valuation and Advisory Limited, the text of which is set out in Appendix V to this circular;

(f) the written consents referred to in the paragraph headed "6. EXPERTS AND CONSENTS" in this Appendix;

(g) this circular.

China CBM Group Company Limited
中國煤層氣集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8270)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders (the "**Shareholders**") of China CBM Group Company Limited (the "**Company**") will be held at Conference Room, Main Building, Qinchi Village, Qinchi Town, Yangcheng County, Jincheng City, Shanxi Province, The People's Republic of China on Friday, 16 January 2026 at 10:00 a.m. for the considering and, if thought fit, passing, with or without amendments, the following resolution of the Company:

"**THAT**

(a) the conditional agreement dated 24 November 2025 (the "**Agreement**") entered into between the Company as vendor and Shanxi Shenggang Energy Company Limited* (山西晟港能源有限公司) (the "**Purchaser**") as purchaser in relation to, among others, the sale and purchase of 100% equity interest in Shanxi Qinshui Shuntai Energy Development Company Limited* (山西沁水順泰能源發展有限公司) (the "**Target Company**") and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

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

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

Hong Kong, 29 December 2025

* *For identification purpose only*

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

Notes:

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

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the SGM or any adjourned meeting.

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