

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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

This announcement will remain on the “Latest Listed Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its publication.

HIGHLIGHTS

- For the year ended 31 December 2025, the Group's revenue amounted to approximately RMB47,084,000, representing an increase of approximately 123.05% over that of the year ended 31 December 2024.
- For the year ended 31 December 2025, the Group's loss for the year amounted to approximately RMB59,990,000, compare with a loss of approximately RMB34,646,000 for the year ended 31 December 2024.
- For the year ended 31 December 2025, the Group's loss per share was RMB15.36 cents (2024: RMB8.87 cents).
- The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2025.

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 (the “Year”) together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

| | Notes | 2025 RMB'000 | 2024 RMB'000 (Re-presented) |
|--|-------|----------------------|-----------------------------------|
| Continuing operations | | | |
| Revenue | 4 | 47,084 | 21,109 |
| Cost of sales | | <u>(30,381)</u> | <u>(14,538)</u> |
| Gross profit | | 16,703 | 6,571 |
| Other income and gains or losses | 5 | 1,387 | (19,822) |
| Selling and distribution costs | | (4,361) | (3,699) |
| Administrative and other expenses | | (41,651) | (27,054) |
| Impairment under expected credit loss model, net of reversal | | (1,106) | – |
| Finance costs | | (55) | (315) |
| Provision for claims | | (18,800) | – |
| Loss before taxation | 7 | (47,883) | (44,319) |
| Income tax credit/(expense) | 9 | 1,213 | (4,863) |
| Loss for the year from continuing operations | | (46,670) | (49,182) |
| Discontinued operation | | | |
| (Loss)/Profit for the year from discontinued operation | 8 | (13,320) | 14,536 |
| Loss for the year | | (59,990) | (34,646) |
| Attributable to: | | | |
| Equity shareholders of the Company | | | |
| – from continuing operations | | (46,652) | (49,181) |
| – from discontinued operation | | (13,320) | 14,536 |
| | | (59,972) | (34,645) |
| Non-controlling interests | | | |
| – from continuing operations | | (18) | (1) |
| – from discontinued operation | | – | – |
| | | (18) | (1) |
| | | (59,990) | (34,646) |
| | | RMB | RMB |
| Loss per share | | | |
| From continuing and discontinued operations | | | |
| – Basic and diluted | 10 | (15.36) cents | (8.87) cents |
| From continuing operations | | | |
| – Basic and diluted | 10 | (11.95) cents | (12.60) cents |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> (Re-presented) |
|--|-------------------------------|--|
| Loss for the year | <u>(59,990)</u> | <u>(34,646)</u> |
| Other comprehensive income/(expense) | | |
| Item that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of financial statements of foreign operations | <u>222</u> | <u>(3,103)</u> |
| Total comprehensive expense for the year | <u><u>(59,768)</u></u> | <u><u>(37,749)</u></u> |
| Total comprehensive (expense)/income attributable to: | | |
| Equity shareholders of the Company | | |
| – from continuing operations | <u>(46,430)</u> | <u>(52,284)</u> |
| – from discontinued operation | <u>(13,320)</u> | <u>14,536</u> |
| | <u><u>(59,750)</u></u> | <u><u>(37,748)</u></u> |
| Non-controlling interests | | |
| – from continuing operations | <u>(18)</u> | <u>(1)</u> |
| – from discontinued operation | <u>–</u> | <u>–</u> |
| | <u><u>(18)</u></u> | <u><u>(1)</u></u> |
| | <u><u>(59,768)</u></u> | <u><u>(37,749)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 211,081 | 214,039 |
| Right-of-use assets | | 11,183 | 19,427 |
| Deposits and prepayments | | 2,599 | 3,727 |
| | | <u>224,863</u> | <u>237,193</u> |
| Current assets | | | |
| Inventories | | 5,017 | 11,273 |
| Trade and other receivables | <i>11</i> | 25,552 | 28,590 |
| Tax recoverable | | – | 2,209 |
| Bank balances and cash | | 39,325 | 48,484 |
| | | <u>69,894</u> | <u>90,556</u> |
| Assets classified as held for sale | <i>8</i> | 25,763 | – |
| | | <u>95,657</u> | <u>90,556</u> |
| Total assets | | <u>320,520</u> | <u>327,749</u> |
| Current liabilities | | | |
| Trade and other payables | <i>12</i> | 157,889 | 160,408 |
| Bank and other borrowings | | – | 23,400 |
| Provision for production safety | | 35 | 11,471 |
| Provision for claims | | 18,800 | – |
| Convertible bonds | | – | 3,296 |
| Income tax liabilities | | – | 3,150 |
| | | <u>176,724</u> | <u>201,725</u> |
| Liabilities associated with assets classified as held for sale | <i>8</i> | 77,839 | – |
| | | <u>254,563</u> | <u>201,725</u> |
| Net current liabilities | | <u>(158,906)</u> | <u>(111,169)</u> |
| Total assets less current liabilities | | <u>65,957</u> | <u>126,024</u> |

| | <i>Notes</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Non-current liabilities | | | |
| Deferred tax liabilities | | <u>2,673</u> | <u>2,972</u> |
| | | <u>2,673</u> | <u>2,972</u> |
| Net assets | | <u>63,284</u> | <u>123,052</u> |
| Capital and reserves | | | |
| Share capital | | 26,305 | 26,305 |
| Reserves | | <u>41,214</u> | <u>100,964</u> |
| Equity attributable to equity shareholders of the Company | | 67,519 | 127,269 |
| Non-controlling interests | | <u>(4,235)</u> | <u>(4,217)</u> |
| Total equity | | <u>63,284</u> | <u>123,052</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

| | Attributable to equity shareholders of the Company | | | | | | | | | Non- controlling interests | Total equity |
|---|--|------------------|--------------------|------------------------|----------------------------|---------------------------------|-------------------|----------------------|----------------|----------------------------------|-----------------|
| | Share capital | Share premium | General reserve | Translation reserve | Share option reserve | Convertible bonds reserve | Other reserves | Retained earnings | Total | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance as at 1 January 2024 | 26,305 | 33,998 | 1,892 | (2,296) | 2,814 | 9,820 | (31,012) | 123,496 | 165,017 | (4,216) | 160,801 |
| Loss for the year | - | - | - | - | - | - | - | (34,645) | (34,645) | (1) | (34,646) |
| Other comprehensive expense for the year | - | - | - | (3,103) | - | - | - | - | (3,103) | - | (3,103) |
| Total comprehensive expense for the year | - | - | - | (3,103) | - | - | - | (34,645) | (37,748) | (1) | (37,749) |
| Balance at 31 December 2024 | 26,305 | 33,998 | 1,892 | (5,399) | 2,814 | 9,820 | (31,012) | 88,851 | 127,269 | (4,217) | 123,052 |
| Balance as at 1 January 2025 | 26,305 | 33,998 | 1,892 | (5,399) | 2,814 | 9,820 | (31,012) | 88,851 | 127,269 | (4,217) | 123,052 |
| Loss for the year | - | - | - | - | - | - | - | (59,972) | (59,972) | (18) | (59,990) |
| Other comprehensive income for the year | - | - | - | 222 | - | - | - | - | 222 | - | 222 |
| Total comprehensive income/ (expense) for the year | - | - | - | 222 | - | - | - | (59,972) | (59,750) | (18) | (59,768) |
| Transfer to accumulated loss upon maturity of convertible bonds | - | - | - | - | - | (9,820) | - | 9,820 | - | - | - |
| Balance at 31 December 2025 | 26,305 | 33,998 | 1,892 | (5,177) | 2,814 | - | (31,012) | 38,699 | 67,519 | (4,235) | 63,284 |

Notes:

1. GENERAL INFORMATION

China CBM Group Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 15 July 2002 under the Companies Laws of the Cayman Islands and continued in Bermuda. The change of domicile of the Company from Cayman Islands to Bermuda was effective on 23 April 2014.

The director of the Company, Mr. Wang Zhong Sheng, who is the Chairman and Executive Director of the Company, is the ultimate controlling party of the Group.

The shares of the Company are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of exploitation, and sale of natural gas and coalbed gas in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), which is different from the Company’s functional currency of Hong Kong dollars (“HK\$”). For the convenience of the financial statements users, the consolidated financial statements are presented in RMB, as the Company’s principal subsidiaries and operations are in the PRC where the functional currency of these subsidiaries is RMB.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”).

(b) Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group reported a net loss of approximately RMB59,990,000 for the year ended 31 December 2025, as at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB158,906,000. These conditions casts significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's liquidity and financial position, the directors of the Company have been implementing various measures as follows:

- (1) Mr. Wang Zhong Sheng ("Mr. Wang"), the ultimate controlling party of the Group and the Chairman and executive director of the Company, has confirmed that he will provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due in the foreseeable future;
- (2) the Group completed the disposal of its 100% equity interest in Shanxi Qinshui Shuntai Energy Development Company Limited for a consideration of approximately RMB24,609,000 on 3 February 2026.
- (3) The directors of the Company anticipate that the Group will generate positive cash flows from its operations in the foreseeable future; and
- (4) Subsequent to 31 December 2025, certain construction suppliers of the Group whom the Group owed an aggregate amount of approximately RMB14 million as at 31 December 2025, which were included in payables for acquisition of property, plant and equipment under trade and other payables, have agreed not to demand for repayment for the amounts due to them before 31 May 2027.

Provided that these measures can be successfully implemented by the Group to improve the liquidity of the Group, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. According, the consolidated financial statements have been prepared on a going concern basis. Moreover, the eventual outcome of these measures cannot be estimated with reasonable certainty. Hence there exist a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

Amendments to HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

| | |
|--|--|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| Amendments to HKFRS 9 and HKFRS 7 | Contracts Referencing Nature-dependent Electricity ² |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ² |
| Amendments to HKFRS Accounting Standards | Annual Improvements to HKFRS Accounting Standards – Volume 11 ² |
| HKFRS 18 | Presentation and Disclosure in Financial Statements ³ |
| Amendments to HKAS 21 | Translation to a Hyperinflationary Presentation Currency ³ |

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. REVENUE

Continuing operations

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> (Re-presented) |
|---|-------------------------------|--|
| Type of goods or services | | |
| Sales of piped natural gas | 40,128 | 21,109 |
| Transportation service of piped natural gas | 6,956 | – |
| | 47,084 | 21,109 |
| Timing of revenue recognition | | |
| On point in time basis | 47,084 | 21,109 |
| Over time basis | – | – |
| Total | 47,084 | 21,109 |

5. OTHER INCOME AND GAINS OR LOSSES

Continuing operations

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> (Re-presented) |
|---|-------------------------------|--|
| Other income | | |
| Interest income from bank deposits | 59 | 9 |
| Value-added tax refund | 58 | 2,439 |
| Government grant | 2,725 | 150 |
| Sundry income | 18 | 3 |
| Exchange gain | – | 4 |
| | <u>2,860</u> | <u>2,605</u> |
| Other gains or losses | | |
| Gain on disposal of property, plant and equipment | 1 | – |
| Written-off of property, plant and equipment | (144) | (22,427) |
| Impairment loss on prepayment | (1,398) | – |
| Waiver of other payables | 68 | – |
| | <u>(1,473)</u> | <u>(22,427)</u> |
| | <u>1,387</u> | <u>(19,822)</u> |

6. SEGMENT REPORTING

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

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

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

(a) **Geographical information**

For the two years ended 31 December 2025 and 2024, all of the Group's revenue were derived from customers in the PRC (country of domicile), hence no further analysis of the Group's geographical information of revenue is disclosed.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

Non-current assets by geographical location

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-----------|-------------------------------|------------------------|
| PRC | 222,538 | 236,268 |
| Hong Kong | 2,325 | 925 |
| | 224,863 | 237,193 |

(b) **Information about major customers**

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

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> (Re-presented) |
|------------|-------------------------------|--|
| Customer A | 11,965 | N/A ¹ |
| Customer B | 9,224 | 8,112 |
| Customer C | 7,878 | 8,241 |
| Customer D | 7,015 | N/A ¹ |
| Customer E | N/A¹ | 2,988 |

¹ The corresponding revenue did not contribute 10% or more of the total revenue of the Group.

7. LOSS BEFORE TAXATION

Continuing operations

Loss before taxation is arrived at after charging:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> (Re-presented) |
|--|------------------------|--|
| (a) Staff costs (including directors' and chief executive's emoluments) | | |
| Fees, salaries and other benefits | 17,331 | 13,405 |
| Retirement benefits schemes contributions | 2,418 | 2,222 |
| | <u>19,749</u> | <u>15,627</u> |
| Total staff costs | <u>19,749</u> | <u>15,627</u> |
| (b) Other items | | |
| Cost of inventories recognised as expense (note (i)) | 29,714 | 14,156 |
| Auditor's remuneration | 1,685 | 1,301 |
| Depreciation of property, plant and equipment included in | | |
| – Cost of sales | 9,606 | 1,670 |
| – Selling and distribution costs | 2,851 | 2,663 |
| – Administrative and other expenses | 3,175 | 3,073 |
| – Research and development costs | 78 | – |
| Depreciation of right-of-use assets included in | | |
| – Cost of sales | 17 | 6 |
| – Administrative and other expenses | 310 | 310 |
| Research and development costs | 2,417 | 14 |
| Rental on low value/short-term leases | 1,512 | 1,181 |
| | <u>1,512</u> | <u>1,181</u> |

Note:

- (i) Cost of inventories recognised as expense mainly included the cost of direct materials purchased amounting to approximately RMB13,442,000 (2024: RMB9,010,000) during the year ended 31 December 2025, and included the staff costs, depreciation of right-of-use assets, property, plant and equipment which are disclosed separately in above.

8. DISCONTINUED OPERATIONS

On 24 November 2025, the Group entered into a conditional sale agreement to dispose of a subsidiary, Shanxi Qinshui Shuntai Energy Development Company Limited (“Shanxi Qinshui”), which carried out all of the Group’s liquefied coalbed gas business operation. The assets and liabilities attributable to the business, which are expected to be sold within twelve months, has been classified as a disposal group held for sale and are presented separately in below.

The (loss)/profit for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented of the discontinued operation.

| | 2025 RMB’000 | 2024 <i>RMB’000</i> |
|--|-------------------------------|------------------------|
| (Loss)/Profit for the year from the discontinued operation | <u>(13,320)</u> | <u>14,536</u> |

The results of the discontinued operation for the year ended 31 December 2025, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

| | 2025 RMB’000 | 2024 <i>RMB’000</i> |
|--|-------------------------------|------------------------|
| Revenue | 48,620 | 222,459 |
| Cost of sales | (55,003) | (202,692) |
| Other income and gains or losses | 81 | 1,160 |
| Administrative and other expenses | (6,025) | (5,616) |
| Reversal of impairment under expected credit loss model, net | – | 9 |
| Finance costs | <u>(784)</u> | <u>(784)</u> |
| (Loss)/Profit before taxation | (13,111) | 14,536 |
| Income tax expense | <u>(209)</u> | – |
| (Loss)/Profit from discontinued operation for the year attributable to owners of the Company | <u>(13,320)</u> | <u>14,536</u> |

The following are the major classes of assets and liabilities of Shanxi Qinshui which have been classified as assets and liabilities of disposal group held for sale in the consolidated statement of financial position at 31 December 2025.

| | <i>RMB'000</i> |
|--|------------------------|
| Property, plant and equipment | 14,963 |
| Right-of-use assets | 7,687 |
| Deposits and prepayment | 582 |
| Inventories | 406 |
| Trade and other receivables | 2,068 |
| Bank balances and cash | <u>57</u> |
| Total assets classified as held for sale | <u><u>25,763</u></u> |
| Trade and other payables | (46,624) |
| Bank and other borrowings | (20,400) |
| Provision for production safety | <u>(10,815)</u> |
| Total liabilities associated with assets classified as held for sale | <u><u>(77,839)</u></u> |

9. INCOME TAX (CREDIT)/EXPENSE

Continuing operations

Taxation from continuing operations in the consolidated statement of profit or loss represents:

| | 2025 | 2024 |
|--|------------------------------|---------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (Re-presented) |
| Current tax – PRC Enterprise Income Tax (“EIT”) | | |
| Provision for the year | 51 | 3,553 |
| (Overprovision)/underprovision in prior years | (965) | 1,739 |
| Deferred tax | | |
| Origination and reversal of temporary differences | <u>(299)</u> | <u>(429)</u> |
| Income tax (credit)/expense | <u><u>(1,213)</u></u> | <u><u>4,863</u></u> |

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company under the laws of Bermuda and, accordingly, is exempted from payment of the Bermuda Income Tax.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the years ended 31 December 2025 and 2024.

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

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

10. LOSS PER SHARE

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss

| | 2025 RMB'000 | 2024 <i>RMB'000</i> (Re-presented) |
|--|-------------------------------|--|
| Loss for the year attributable to owners of the Company | (59,972) | (34,645) |
| Less: (Loss)/Profit for the year from discontinued operation | 13,320 | (14,536) |
| | <u> </u> | <u> </u> |
| Loss for the purpose of calculating basic and diluted loss per share for continuing operations | <u>(46,652)</u> | <u>(49,181)</u> |

Number of shares

| | 2025 '000 | 2024 <i>'000</i> |
|--|----------------------------|---------------------|
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share | <u>390,451</u> | <u>390,451</u> |

(a) *Basic loss per share*

The weighted average number of ordinary shares for the purpose of calculating basic loss per share in issued during years ended 31 December 2025 and 2024.

(b) *Diluted loss per share*

The calculation of diluted loss per share is the same as basic loss per share for the years ended 31 December 2025 and 2024 as there were no potential ordinary shares during both years.

From continuing and discontinued operations

The calculation of the basic loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share | <u>(59,972)</u> | <u>(34,645)</u> |

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing operations.

From discontinued operation

Basic loss per share for the discontinued operation is RMB3.41 cents per share (2024: profit per share RMB3.72 cents per share) for the year ended 31 December 2025, based on the loss for the year attributable to owners of the Company from the discontinued operation of RMB13,320,000 (2024: profit RMB14,536,000) and the denominators detailed above for both basic and diluted loss per share from continuing operations.

11. TRADE AND OTHER RECEIVABLES

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|-------------------------------------|-------------------------------|------------------------|
| Trade receivables | | |
| – contracts with customers | 4,630 | 2,125 |
| Less: Allowance for credit losses | <u>(931)</u> | <u>(1,297)</u> |
| | 3,699 | 828 |
| Bills receivables | 1,650 | 520 |
| Other receivables and deposits | 3,235 | 4,929 |
| Other prepayments | 3,623 | 7,306 |
| Value-added tax recoverable | 2,802 | 4,464 |
| Value-added tax refunds receivables | <u>10,543</u> | <u>10,543</u> |
| | <u>25,552</u> | <u>28,590</u> |

As of the end of the reporting period, the ageing analysis of the trade receivables, based on invoice date and net of allowance for credit losses, is as follows:

| | 2025 | 2024 |
|--|---------------------|------------|
| | RMB'000 | RMB'000 |
| Within 1 month | 3,680 | 374 |
| More than 1 month but less than 3 months | – | 90 |
| More than 3 months but less than 6 months | 19 | 90 |
| More than 6 months but less than 12 months | – | 270 |
| More than 12 months | – | 4 |
| | <u>3,699</u> | <u>828</u> |

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

12. TRADE AND OTHER PAYABLES

| | 2025 | 2024 |
|--|-----------------------|----------------|
| | RMB'000 | RMB'000 |
| Trade payables | 4,493 | 35,440 |
| Amount due to ultimate controlling party | 5,465 | 3,581 |
| Amounts due to directors | 244 | 574 |
| Accrued expenses and other payables (<i>note (i) and (ii)</i>) | 33,370 | 29,952 |
| Payables for acquisition of property, plant and equipment | 113,522 | 88,377 |
| Loan interest payables | – | 1,844 |
| Value-added and other taxes payables | 795 | 640 |
| | <u>157,889</u> | <u>160,408</u> |

Note:

- (i) Accrued expenses and other payables included the estimated costs of dismantling and removing the items of property, plant and equipment and restoring the site on which they are located, amounting to approximately RMB3,302,000 as at 31 December 2025 (2024: RMB3,302,000).
- (ii) As at 31 December 2025, contract liabilities totaling amounted to approximately RMB2,148,000 (2024: RMB2,452,000) has been recorded and included in accrued expenses and other payables, which primarily relate to the advance consideration received from customers for sales of piped natural gas amounts of approximately RMB2,148,000 (2024: sales of liquefied coalbed gas and sales of piped natural gas amounts of approximately RMB1,588,000 and RMB864,000 respectively), and for which revenue is recognised at point in time. This will be recognised as revenue when control of the goods has transferred, being when the goods have been shipped to the customer's specific location.

As of the end of the reporting period, the ageing analysis of the trade payables, based on invoice date, is as follows:

| | 2025 | 2024 |
|--|--------------------------|--------------------|
| | RMB'000 | RMB'000 |
| Within 1 month | – | 7,921 |
| More than 1 month but less than 3 months | – | 26,041 |
| More than 3 months but less than 6 months | – | 88 |
| More than 6 months but less than 12 months | 4,480 | 173 |
| More than 12 months | 13 | 1,217 |
| | <hr/> 4,493 <hr/> | <hr/> 35,440 <hr/> |

13. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

14. LITIGATION

- (i) On 12 August 2021, 中聯煤層氣有限責任公司 China United Coalbed Methane Co., Ltd. (“CUCBM”) (the “Plaintiff”) filed a civil lawsuit with Chaoyang District People’s Court in Beijing against Yangcheng Shun An (陽城順安) and Shanxi Yangcheng Shuntai (山西陽城順泰) (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, 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 2024, 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, Yangcheng Huiyang and Shanxi Yangcheng Shuntai should bear the responsibility cooperatively.

As of 31 December 2025 and 2024, the relevant amount payable of approximately RMB22,000,000 has been recorded and included in payables for acquisition of property, plant and equipment as stated in Note 24 to the consolidated financial statements.

- (ii) On 10 April 2015, a then supervisor of Nuoxin (Xian County) Engineering Materials Company Limited (諾信 (獻縣) 機械工程材料有限公司) (the "Defendant", a wholly owned subsidiary of the Company in the PRC provided a guarantee for a loan contract (the "Loan Contract") in the name of the Defendant, and signed on the Loan Contract with an individual (the "Lender") and two entities as borrower (the "Borrower"), both are independent third parties, and affixed the official seal of the Defendant without authorisation.

The Lender (also the "Nuoxin Plaintiff") filed a lawsuit against the Defendant in February 2016 pursuant to the Loan Contract, claiming that the Defendant shall bear the guarantee liability. On 8 May 2019, the first civil judgment by Cangzhou Intermediate People's Court, Hebei Province which ordered the Defendant to pay the Nuoxin Plaintiff the principal of RMB15,700,000 and relevant interests. The Defendant dissatisfied with the verdict and applied the appeal and the civil case was ordered for retrial (understanding that the original first civil judgment was superseded and amended) and further judgment by Cangzhou Intermediate People's Court pursuant to which the Defendant was ordered to pay the Lender RMB1,810,000 only.

On 12 July 2021, there was a revised civil judgment after the further appeal to the High People's Court of Hebei Province by both the Nuoxin Plaintiff and the Defendant, the Defendant was ordered to pay the Nuoxin Plaintiff i) the loan principal of RMB964,547.95 and relevant interests (based on 24% p.a. interest rate to calculate since 3 December 2015); ii) the 30% of the another loan principal of RMB13,200,000 with relevant interests (based on 24% p.a. interest rate to calculate since 5 June 2015); and iii) addition interest in accordance with the Civil Procedure Law of the People's Republic of China. Furthermore, the previous civil judgment of RMB1,810,000 order was superseded.

Since late 2021 to the date of these financial statements, the case entered into a protracted enforcement phase. The enforcement actions were initiated and there was enforcement ruling by the People’s Court of Xian County, Hebei Province to settle the outstanding judgment debt of the Defendant by disposing of the land and buildings under its name in Xian County by way of auction. The Group has taken steps to safeguard its interests and also defer the enforcement rulings during the period.

On 14 June 2024, People’s Court of Xian County, Hebei Province made an enforcement ruling which stipulates that the Defendant’s industrial land and building located in Xian County, Hebei Province, should be sold for no less than RMB25,000,000 to pay the Nuoxin Plaintiff’s debt.

According to the debt transfer assignment date 5 August 2024, all the right of claims was transferred from the Lender to a third party (the “Applicant”), and this became effective from 13 January 2025 under the enforcement ruling.

In August 2023, the Defendant applied to the People’s Procuratorate of Hebei Province for protest, which was accepted. As of the date of these consolidated financial statements, the Supreme People’s Procuratorate is reviewing the civil judgment, and the relevant documents are undergoing authentication procedures. Despite the protest being under the Procuratorate Review, under the relevant PRC laws, the Applicant could still apply to the relevant court for enforcement until The Supreme People’s Court of the People’s Republic of China (最高人民法院) orders for retrial.

According to the enforcement ruling from the People’s Court of Xian County dated 29 December 2025, which stated the land and building owned by the Defendant shall be delivered to the Applicant for RMB25,000,000 to offset the debt of of approximately RMB18,800,000. The ownership and other corresponding rights of the aforementioned land and buildings thereon shall be transferred to the Applicant once the Applicant pays the remaining price difference of RMB6,200,000 to the Defendant.

The related payable of approximately RMB18,800,000 has been recognised in the profit or loss and included in provision for claims as stated in Note 27 to the consolidated financial statements.

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT

An extract of the Company's independent auditors' report for the year ended 31 December 2025 is as follows:

OPINION

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, the Group reported a net loss of approximately RMB59,990,000 for the year ended 31 December 2025, and as at 31 December 2025, the Group’s current liabilities exceeded its current assets by approximately RMB158,906,000. These conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded consolidated turnover from continuing operations of approximately RMB47,084,000 for the year ended 31 December 2025, representing an increase of approximately 123% compared with 2024. This significant growth was mainly driven by a substantial increase in sales of piped natural gas, which rose from RMB21,109,000 in 2024 to RMB40,128,000 in 2025. The increase was primarily attributable to the cessation of operations at the LNG liquefaction plant. As a result, the natural gas extracted by the Group was sold directly to external customers rather than being supplied internally to the LNG liquefaction plant.

The Group recorded a loss attributable to equity shareholders of the Company from continuing operations for the year ended 31 December 2025 of approximately RMB46,652,000 compared with that of loss attributable to equity shareholders of the Company for the year ended 31 December 2024 of approximately RMB49,181,000. The reasons for the losses are as follows:

1. Administrative expenses increased from RMB27,054,000 in 2024 to RMB41,651,000 in 2025. The increase was mainly attributable to: (i) an impairment provision on prepayments of approximately RMB1,398,000 during the year; (ii) the commencement of operations in 2025 of a new Hong Kong subsidiary, which was established in July 2024 and is engaged in the further research and development of High Quality Clean Conversion of Coal to Natural Gas Technology. The subsidiary incurred administrative expenses of approximately RMB4,480,000, including approximately RMB1,340,000 under a commissioned verification research and technology services agreement with a renowned local university; and (iii) an increase in staff costs of approximately RMB4,122,000, bringing the total to RMB19,749,000 in 2025.
2. A litigation case has arisen involving a subsidiary of the Group. Accordingly, a provision for claims of RMB18,800,000 was recognised during 2025. Further details are set out in note 14(ii) in this announcement.

The results of liquefaction operation were classified as discontinued operation upon deconsolidation and presented as a single line item in the consolidated statement of profit or loss for 2025 and 2024. Net loss from discontinued operation for 2025 amounted to RMB13,320,000 (2024: net profit of RMB14,536,000). Details of results of the discontinued operation are set out in note 8 in this announcement.

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS

Resources and reserves

Yangcheng Huiyang New Energy Development Company Limited (hereinafter referred to as “Huiyang New Energy”) has interest in certain coalbed methane (CBM) properties located at Shanxi Province, the PRC. The Yangcheng area is approximately 96 km² in the Shanxi Province, the PRC. Development within the Yangcheng gas block is focused on the #3 and #15 coal seams. These CBM properties are located at various coal mine areas owned by Shanxi Yangcheng Yangtai Group Industrial Company Limited. 100% of Huiyang New Energy’s equity interests is held by one of the wholly-owned subsidiaries of the Group.

The movements in the reserves of certain CBM properties as of 31 December 2025 are set out below:

| | Reserve evaluation of the CBM properties as at 31 December 2025 BCF | Reserve evaluation of the CBM properties as at 31 March 2012 BCF |
|--|--|---|
| Total original gas in place on all blocks | 193.6 | 272.4 |
| Net 1P (Proved) reserves | 108.9 | 3.5 |
| Net 2P (Proved + Probable) reserves | 154.7 | 27.7 |
| Net 3P (Proved + Probable + Possible) reserves | 193.6 | 205.0 |

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

Due to continued development of the gas field blocks by the Company, the number and scope of the gas production wells are relatively increased as compared with that of 2012, enabling the Company to collect more data about the CBM properties to evaluate the CBM properties more accurately. Accordingly, the Company engaged an independent professional valuer in the PRC in July 2014 to evaluate certain CBM properties of “Huiyang New Energy” in terms of net 3P (Proved + Probable + Possible) reserves, net 2P (Proved + Probable) reserves and net 1P (Proved) reserves based on substantially the same definitions and guidelines as that of NSAI in 2012. According to the results of the evaluation, the total original gas in place on all blocks was generally unchanged as compared with that of NSAI in 2012.

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.

LIQUEFACTION OPERATION

The Group's liquefaction operations were suspended beginning in April 2025 due to repair and maintenance requirements for machinery and equipment. The original major maintenance plan was subsequently revised into a technical modification programme aimed at improving operational efficiency. The Group's liquefaction operations ran for approximately four months in 2025, during which the average daily production was around 143,000 m³.

On 29 November 2025, the Group entered into an agreement to dispose of its LNG liquefaction business, and the transaction was completed on 16 January 2026.

NATURAL GAS EXPLORATION AND EXTRACTION

As at 31 December 2025, the Group has 170 CBM wells were in production. The operating wells with stable production since they had been put in operation.

MARKETING AND SALES

During 2025, 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

As at 31 December 2025, the Group had net assets of approximately RMB63,284,000, including cash and bank balances of approximately RMB39,325,000. To minimize financial risks, the Group implements stringent financial and risk management strategies and avoids the use of highly-g geared financing arrangements. The Group's gearing ratio, calculated by the Group's total external borrowings divided by its shareholders' fund, was Nil as at 31 December 2025 (2024: approximately 20.98%).

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

The employees

As at 31 December, 2025, the employees of the Group totaled 140, among which 21 were R&D staff and 54 were project and customer service staff; 62 were administration staff and 3 were marketing and sales staff. During the year, the total cost of staff (including the remuneration of the Board Directors) recognised in profit or loss account was approximately RMB19,749,000 (2024 (re-presented): approximately RMB15,627,000). The remuneration and salary packages and dividend policy of the Group were determined based on the individual performance of staff. The Group will continue to offer professional further studies and training to staff.

Risk in Foreign Exchange

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

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

During the year ended 31 December 2025, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

Subsequent to the reporting period, the Group completed the disposal of 100% equity interest in Shanxi Qinshui Shuntai Energy Development Company Limited, detail of which are set out in the section headed "Major Transactions And Events" below.

OUTLOOK

In line with the Group's spirit of innovation and progress, the Group began the independent research and development of a hydrocarbon-to-natural gas project in 2016. The project is temporarily named the "High-Quality Clean Conversion of Coal to Natural Gas Technology" (the "Technology"), previously known as the "Ultra-High Temperature Steam Catalyzed Accelerated Coal Mineral Transformation and Hydrocarbon Generation Technology".

The Group commenced the industrial scale-up design phase in the second half of 2019. Due to the impact of the Covid-19 pandemic from February 2020 to December 2022, progress in research and development as well as technology scale-up was slow. The first pilot-scale equipment underwent trial operation in June 2021. Based on the trial operation results, an improved design plan was proposed in November 2021. However, constrained by the bottleneck of importing high-temperature-resistant specialty steel from overseas, the Group completed a small-scale pilot unit using domestic civilian heat-resistant steel in June 2024.

At the end of 2024, operations of the small-scale pilot unit revealed that domestic civilian heat-resistant steel still could not achieve stable long-term operation at a temperature of 1,100°C. In January 2025, the Group shifted the focus of its R&D efforts for the Technology toward lowering the reaction temperature, and has now essentially achieved a reaction environment of 800°C to 950°C.

In November 2025, the Group entered into a commissioned verification research and technology services agreement with a renowned local university in Hong Kong. The research scope under this agreement is to evaluate the Technology in terms of its advancement, economic viability, and sustainability.

The small-scale pilot unit remains under construction. Upon its completion, the Group plans to conduct advanced demonstrations of the pilot equipment overseas (including but not limited to Hong Kong) and invite internationally renowned experts to evaluate the Technology. Once the Technology is fully developed, the Group will charge customers (including natural gas liquefaction plants, city gas companies, and other industrial users) relevant technology usage fees and sell raw materials related to the Technology.

The Group discovered during the research and development process of “the Technology” that underground coal minerals in coalbed methane fields can undergo accelerated metamorphic evolution to generate hydrocarbons, increase reserves, and enhance production. This technology is referred to as thermal extraction technology (“Thermal Extraction Technology”). It is expected to have a positive impact on the Group’s upstream coalbed methane extraction volume. As of the date of this announcement, the Thermal Extraction Technology is in the trial operation stage. Once the technology becomes fully developed, the Group’s upstream production will be increased, and the Group will also provide Thermal Extraction Technology services and sell related equipment to enterprises engaged in coalbed methane extraction.

As the public becomes increasingly concerned about environmental issues, high pollution energy sources are expected to be phased out more rapidly by the market. The use of alternative clean energy will become more widespread, driving stronger demand for natural gas. The natural gas market is expected to maintain robust growth momentum. The management of the Company will make every effort to overcome challenges and remain committed to contributing to the Company’s profit margin and long term development.

MAJOR TRANSACTION AND EVENTS

Very substantial disposal

On 24 November 2025 (after trading hours), the Company entered into the Agreement with Shanxi Shenggang Energy Company Limited (“the Purchaser”) pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 100% equity interest of Shanxi Qinshui Shuntai Energy Development Company Limited (“Target Company”) 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 the Target Company will no longer be consolidated into the financial statements of the Group. 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.

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 Shareholders' approval at the special general meeting. A special general meeting of the Company has been convened on 16 January 2026, and was passed by ordinary resolution. The registration of the transfer of Sale Capital with the relevant PRC authority has been completed and Completion took place in accordance with the terms of the Sale and Purchase Agreement on 3 February 2026. Accordingly, the Company ceased to hold any interest in the Target Company.

For details, please refer to the announcement of the Company dated 24 November 2025, 16 December 2025, and the circular of the Company dated 29 December 2025.

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

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

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

| Name | Capacity | Nature of interest | Number of shares/ underlying shares | Approximate % of shareholdings |
|----------------------|------------------------------------|---------------------------|--|---------------------------------------|
| Mr. Wang Zhong Sheng | Interest of controlled corporation | Corporate interest | 2,264,812 (Note 1) | 0.58% |
| | Beneficial owner | Personal | 288,661,440 (Note 2) | 73.93% |
| Mr. Chang Jian | Beneficial owner | Personal | 2,500,000 (Note 3) | 0.64% |
| Mr. Wang Chen | Beneficial owner | Personal | 250,000 (Note 4) | 0.06% |
| Mr. Leung Chi Ho | Beneficial owner | Personal | 800,000 (Note 5) | 0.2% |
| Ms. Li Siliang | Beneficial owner | Personal | 487,500 (Note 6) | 0.12% |

Notes:

1. As at 31 December 2025, Jumbo Lane Investments Limited was interested in 2,264,812 shares.

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. As at 31 December 2025, Mr. Wang Zhong Sheng is interested as a beneficial owner of 288,661,440 shares of the Company.
3. As at 31 December 2025, Mr. Chang Jian is interested as a beneficial owner of 2,500,000 shares of the Company and Mr. Chang Jian has resigned as an executive director on 13 February 2026.
4. As at 31 December 2025, Mr. Wang Chen is interested as a beneficial owner of 250,000 shares of the Company.
5. As at 31 December 2025, Mr. Leung Chi Ho is interested as a grantee of options to subscribe for 800,000 shares under the new share option scheme adopted by the Company on 28 March 2022.
6. As at 31 December 2025, Ms. Li Siliang is interested as a beneficial owner of 487,500 shares of the Company.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. The Group had not issued any debentures during the Year.

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

As at 31 December 2025, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares of the Company

| Name | Number of shares and underlying shares | Nature of Interest | Percentage of shareholding |
|------------------------------|---|---------------------------|-----------------------------------|
| Ms. Zhao Xin (<i>Note</i>) | 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 31 December 2025, no other person (other than the Directors or chief executive of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under to section 336 of the SFO.

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

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

SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to enable the Company to grant share options to selected eligible participants (the "Eligible Participants") as incentives or rewards for their contribution or potential contribution to the Group. Eligible Participants of the New Share Option Scheme include (a) any full-time or part-time employee of any member of the Group; or (b) any consultant or adviser of any member of the Group; and/or (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group, to be determined absolutely by the Board.

Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption and the remaining life of the New Share Option Scheme as at 31 December 2025 is approximately 6.24 years. The number of options available for grant under the scheme mandate of the New Share Option Scheme as at 31 December 2025 was zero shares (31 December 2024: Nil). The number of shares that may be issued in respect of options and awards granted under the New Share Option Scheme during the financial year divided by the weighted average number of shares of the relevant class in issue for the year was approximately 0%. The total number of Shares available for issue under the New Share Option Scheme (the “Scheme Limit”) is nil (0% of the issued shares (excluding treasury shares)) as at the end of reporting period, unless otherwise permitted by the GEM Listing Rules and the Company obtaining the approval of its shareholders to refresh the Scheme Limit.

The maximum entitlement of each participant under the New Share Option Scheme shall not exceed 1% of the Shares in issue. Where any further grant of Options to a participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such participant and his/her associates abstaining from voting, and the number and terms of Options to be granted to such participant must be fixed before the Shareholders’ approval.

An option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the particular option. Vesting period (as the case may be) may specify by the Board of Directors at the time of grant.

A nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of share options granted under the New Share Option Scheme. The period within which loans for the purposes of the payments or calls must be repaid is not applicable for the New Share Option Scheme.

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

- (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive business days immediately preceding the offer date; and
- (c) the nominal value of the Shares on the offer date.

Apart from the New Share Option Scheme, the Group have no other share schemes under Chapter 23 of the GEM Listing Rules during the financial year ended 31 December 2025 and as at the date of this announcement.

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

| Name and category of participants | As at 1 January 2025 | Granted during the year | Exercised during the year | Cancelled/ lapsed during the year | As at 31 December 2025 | Date of grant of share options | Exercise period of share options | Exercise price of per share as at the date of grant of share options |
|-----------------------------------|----------------------|-------------------------|---------------------------|--------------------------------------|------------------------|--------------------------------|----------------------------------|--|
| <i>Executive Director</i> | | | | | | | | |
| Mr. Leung Chi Ho | 800,000 | - | - | - | 800,000 | 13/10/2022 | 13/10/2022– 12/10/2032 | 0.456 |
| | <u>800,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>800,000</u> | | | |
| Employees | 8,190,003 | - | - | - | 8,190,003 | 13/10/2022 | 13/10/2022– 12/10/2032 | 0.456 |
| Corporate financial advise | 1,875,000 | - | - | - | 1,875,000 | 7/4/2022 | 7/4/2022– 6/4/2032 | 0.456 |
| | <u>10,865,003</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,865,003</u> | | | |

Notes:

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

| Options granted: | Number of options | Vesting conditions | Contractual life of options |
|------------------|-------------------|--------------------|-----------------------------|
| 7 April 2022 | 1,875,000 | Vest immediately | 10 years |
| 13 October 2022 | 8,990,003 | Vest immediately | 10 years |

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

| | Weighted average exercise price HK\$ | Number of options |
|------------------------------------|---|------------------------------|
| Outstanding as at 1 January 2025 | 0.455 | 10,865,003 |
| Granted during the year | – | – |
| Outstanding as at 31 December 2025 | 0.455 | 10,865,003 |
| Exercisable as at 31 December 2025 | 0.455 | 10,865,003 |

The options outstanding as at 31 December 2025 had an exercise price of HK\$0.455 and a weighted average remaining contractual life of approximately 6.24 years.

During the year ended 31 December 2025, since there is no share option granted, no material matter relating to the above option scheme has been reviewed by the Remuneration Committee.

CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

As at the date of this announcement, the Company had outstanding options to subscribe for 10,865,003 shares under the share option scheme adopted on 28 March 2022.

PRE-EMPTIVE RIGHTS

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

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2025 and 2024.

EVENTS AFTER THE REPORTING PERIOD

Taking into account the potential impact of the relevant case of Nuoxin (Xian County) on the Group set out in note 14(ii), Mr. Wang Zhong Sheng, the Chairman and ultimate major shareholder of the Company, has signed a solemn and irrevocable commitment letter, under which he reconfirm his undertaking to the Company to bear the losses that may incurred by the Group as a result of the relevant proceedings by way of reimbursement of losses suffered by the Group on a dollar-to-dollar basis, subject to the litigation outcome. In this regard, the Board believes that the relevant case finally will not have any material impact on the financial position and daily operations of the Group.

CAPITAL COMMITMENT

As at 31 December 2025 and 2024, the Group had capital commitments contracted for acquisition of property, plant and equipment (including construction in progress) amounting to approximately RMB11,516,000 and RMB15,636,000 respectively.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company nor any of its subsidiaries.

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules on 28 July 2003. The primary duties of the audit committee are, among others, to review and oversee the financial reporting principles and practices adopted as well as internal control procedures and issues of the Group. It also reviews quarterly, interim and the final results of the Group prior to recommending the same to the Board for consideration.

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

During the year ended 31 December 2025, the audit committee has held two meetings. The Group's result for the year ended 31 December 2025 have been reviewed and commented by the audit committee members, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Group's auditors, KTC Partners CPA Limited ("KTC") to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2025. The work performed by KTC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC on the preliminary announcement.

DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2025 and up to the date of this announcement, save as disclosed below, the Group has complied with all the applicable provisions in the Corporate Governance Code set out in Appendix C1 to the GEM Listing Rules (the "Code").

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

Under code provision B2.2 of the Code, non-executive directors should be appointed for specific terms, subject to re-election. Currently, the independent non-executive Directors have no fixed term of office but are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's bye-laws.

AMENDMENT TO THE TERMS OF REFERENCE OF NOMINATION COMMITTEE

The terms of reference of the nomination committee of the Company was amended on 2 July 2025 to include support the Company's regular evaluation of the Board's performance.

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

The Company has adopted a code of conduct regarding securities dealings by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with such required standard of dealings and the Company was not aware of any non-compliance with such required standard of dealings during the year ended 31 December 2025.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

China, 30 March 2026

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Wang Chen, Mr. Tan Ye Kai, Byron and Mr. Leung Chi Ho, the non-executive Director is Ms. Li Siliang, and the independent non-executive Directors are Mr. Xu Yuan Jian, Mr. Lau Chun Pong and Mr. Wang Zhi He.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.