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)

MAJOR TRANSACTION IN RELATION TO FINANCE LEASE ARRANGEMENT

A notice convening a special general meeting (the "**SGM**") of the Company to be held on Tuesday, 20 October 2020 at 11:30 a.m. at Conference room, 14/F, Building B, Phase 1, Tianan Innovation Tech-Square, 25 Tairan 4th Road, Futian District, Shenzhen, 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 and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.

30 September 2020

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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

"Assets I"	collectively, the Properties, the pipelines, the Equipment, 100% equity interest in Qinshui Energy and 60% equity interest in Yangcheng Huiyang
"Assets II"	certain properties held by Yangcheng Huiyang
"Board"	the board of Directors
"CIMC"	中集融資租賃有限公司 (CIMC Capital Ltd.), a company established in the PRC with limited liability
"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
"connected person(s)"	has the meaning ascribed thereto in the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"Equipment"	certain liquefied natural gas equipment (LNG液化裝置設備)
"Finance Lease Agreement"	the conditional finance lease agreement entered into between Qinshui Energy and CIMC on 25 July 2019 in relation to the sale and lease of the Equipment
"Finance Lease Arrangement"	the finance lease arrangement contemplated, among other things, under the Finance Lease Agreement
"GEM"	the GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries

"Guangxi Beiliu"	廣西北流燃氣有限公司 (Guangxi Beiliu Gas Co., Ltd.), a company established in the PRC with limited liability and indirectly owned as to 97.5% by the Company
"Hebei Shuntai"	河北順泰能源有限公司 (Hebei Shuntai Energy Resource Company Limited), a company established in the PRC with limited liability and a directly wholly-owned subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s) (if applicable) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
"Latest Practicable Date"	25 September 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information for inclusion of this circular
"LNG"	liquefied natural gas
"Luoyang Shunhe"	洛陽順和能源有限公司 (Luoyang Shunhe Energy Co., Ltd.), a company established in the PRC with limited liability and indirectly wholly-owned subsidiary of the Company
"Mr. Wang"	Mr. Wang Zhong Sheng, an executive Director and substantial Shareholder of the Company
"Nominal Purchase Price"	the nominal purchase price of RMB100 each by which Qinshui Energy has an option to purchase the Equipment from CIMC upon expiry of the lease period under the Finance Lease Agreement
"PBC"	中國人民銀行 (People's Bank of China)

"PRC" or "China"	the People's Republic of China which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Properties"	properties situated at Lizhuang Village, Jiafeng Town, Qinshui County, Pucheng City, Shanxi Province, the PRC (山西省晉城市沁水縣嘉峰鎮李莊村)
"Qinshui Energy"	山西沁水順泰能源發展有限公司 (Shanxi Qinshui Shuntai Energy Development Co., Ltd.), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
"SGM"	the special general meeting of the Company to be convened and held on Tuesday, 20 October 2020 for the purpose of considering and, if thought fit, approving, among other things, the Finance Lease Agreement and the transactions contemplated thereunder
"Shanxi Yangcheng"	山西陽城順泰能源發展有限公司 (Shanxi Yangcheng Shuntai Energy Development Co., Ltd.), a company established in the PRC with limited liability and a directly wholly-owned subsidiary of the Company
"Share(s)"	the share(s) of HK$0.01 each in the share capital of the Company
"Share Pledge Agreements"	collectively, (i) the conditional share pledge agreement entered into between the Company and CIMC on 25 July 2019; and (ii) the conditional share pledge agreement entered into between Shanxi Yangcheng and CIMC on 25 July 2019
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Yangcheng Huiyang"	陽城縣惠陽新能源發展有限公司 (Yangcheng Huiyang New Energy Development Co., Ltd.), a joint venture company established in the PRC with limited liability and owned as to 60% by the Group, 20% by 山西陽城陽泰集團實業有限公司 (Shanxi Yangcheng Yangtai Group Industrial Co., Ltd.), a company established in the PRC with limited liability, and 20% by 鄭州貞成能源技術服務有限公司 (Zhengzhou Zhencheng Energy Technology Service Co., Ltd.), a company established in the PRC with limited liability, respectively
"Yangcheng Shun An"	陽城縣順安集輸管道有限公司 (Yangcheng Shun An Gathering Pipeline Co., Ltd.), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company

In this circular, the English names of the PRC entities, enterprises, departments, facilities or titles are translation of their Chinese names solely for the purpose of illustration. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this circular and solely for the purpose of illustration, all amounts in RMB are translated into HK$ at an exchange rate of RMB0.8915:HK$1. No representation has been made by the Company that any amount have been, could have been or could be converted at such rate or at any other rates or at all.

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

Non-executive Directors:
Mr. Duan Shi Chuan
Mr. Wang Chen
Mr. Liang Feng

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

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

30 September 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
IN RELATION TO
FINANCE LEASE ARRANGEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2019 (the "**Announcement**") in relation to, inter alia, the Finance Lease Arrangement. The Finance Lease Arrangement constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to provide you with further details in relation to, among others, the Finance Lease Arrangement in accordance with the GEM Listing Rules and a notice of the SGM for the Shareholders to consider and, if thought fit, pass the resolution to approve the Finance Lease Arrangement and the transactions contemplated thereunder.

THE FINANCE LEASE AGREEMENT

Date

25 July 2019

Parties

Lessee: Qinshui Energy, a direct wholly-owned subsidiary of the Company

Lessor: CIMC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CIMC, a company principally engaged in the business of financial leasing, and its ultimate beneficial owners, are Independent Third Parties.

Pursuant to the Finance Lease Agreement, (i) Qinshui Energy conditionally agreed to sell and CIMC conditionally agreed to purchase the Equipment for a total consideration of RMB50,000,000 (equivalent to approximately HK$56,085,250); and (ii) Qinshui Energy conditionally agreed to lease from CIMC, and CIMC conditionally agreed to lease to Qinshui Energy, the Equipment for a total consideration of RMB64,070,000 (equivalent to approximately HK$71,867,639), which is comprised of (a) the lease payment in the sum of RMB58,320,000 (equivalent to approximately HK$65,417,835) by two tranches, each for a term of 36 months by monthly installments inclusive of interest; and (b) the lump sum payment of contract performance bond (the "**Contract Performance Bond**") in the sum of RMB5,000,000 (equivalent to approximately HK$5,608,525) and the non-refundable handling fee (the "**Handling Fee**") in the sum of RMB750,000 (equivalent to approximately HK$841,279), which shall be deducted from the First Payment (as defined below) and the Second Payment (as defined below). However, the lease consideration may be adjusted according to the benchmark interest rate (the "**BIR**") to be promulgated by PBC from time to time as detailed in the paragraph headed "Consideration for the lease of the Equipment" below.

Subject matter

The Equipment to be sold by Qinshui Energy to CIMC and thereafter to be leased by Qinshui Energy from CIMC pursuant to the Finance Lease Arrangement. These equipment and facilities are mainly for purpose of liquefying natural gas in the LNG factory of the Group located in Qinshui, Shanxi Province, PRC.

Lease period

The lease consideration would be payable to CIMC by Qinshui Energy by monthly installments and the lease will be divided into two tranches, each for a term of 36 months, commenced on 10 August 2019 and 10 December 2019, respectively.

Consideration for the sale of the Equipment

The consideration payable by CIMC to Qinshui Energy for the purchase of the Equipment is RMB50,000,000 (equivalent to approximately HK$56,085,250) which shall be settled in the following manner:

(a) RMB20,000,000 (equivalent to approximately HK$22,434,100) (after deducting RMB2,000,000 (equivalent to approximately HK$2,243,410) of Contract Performance Bond and RMB300,000 (equivalent to approximately HK$336,511) of Handling Fee, the net payment shall be RMB17,700,000 (equivalent to approximately HK$19,854,178)) (the "**First Payment**") shall be payable by CIMC within five business days upon receipt of the valid certificate (the "**Certificate**") for the transfer of the ownership of the Equipment by CIMC and the completion of the registration of the pledges on Assets I:

(i) as to RMB11,700,000 (equivalent to approximately HK$13,123,948) of the First Payment shall be payable by CIMC in cash; and

(ii) as to RMB6,000,000 (equivalent to approximately HK$6,730,230) of the First Payment shall be satisfied by CIMC by way of issuance of a bank note of equal amount; and

(b) the remaining balance of RMB30,000,000 (equivalent to approximately HK$33,651,150) (after deducting RMB3,000,000 (equivalent to approximately HK$3,365,115) of Contract Performance Bond and RMB450,000 (equivalent to approximately HK$504,767) of Handling Fee, the net payment shall be RMB26,550,000 (equivalent to approximately HK$29,781,268)) (the "**Second Payment**") shall be payable by CIMC within 5 business days upon fulfillment of the following drawdown requirements:

(i) the payment of monthly installment for the First Tranche of Lease Payment (as defined below) having been timely as at the drawdown date;

(ii) the hydrolysis natural gas production facilities (the "**Production Facilities**") having reached at least 50% of its full production capacity for one month consecutively; and

(iii) registration of pledges on Assets II having been duly completed.

The consideration for sale of the Equipment of RMB50,000,000 (equivalent to approximately HK$56,085,250) was determined and arrived at after arm's length negotiations and having taken into account the value of the pledged assets of an aggregate of RMB70,051,000 (equivalent to approximately HK$78,576,556) (which is comparable to the consideration for the sale of the Equipment of RMB50,000,000 (equivalent to approximately HK$56,085,250)) and guarantees provided by the Group. For details of the pledged assets and guarantees provided by the Group, please refer to the paragraph headed "Pledges and guarantees" and "The Share Pledge Agreements" below. It is noted that the value of the pledged assets is higher than the consideration for the sale of the Equipment. As the transaction is not for the purpose of disposal but as a finance lease arrangement, it may not be reasonable to compare the aggregate net book value of all pledged assets in comparison with the disposal consideration. Moreover, it is common that the value of pledged assets be higher than the financing sums.

The Certificate was received by CIMC on 17 September 2019 and the registration of pledges on Assets I has been completed in September 2019. As at the Latest Practicable Date, Qinshui Energy has received RMB11,700,000 (equivalent to approximately HK$13,123,948) from CIMC as partial settlement of the First Payment. Qinshui Energy will be entitled to the bank note of RMB6,000,000 (equivalent to approximately HK$6,730,230) from CIMC. Since the monthly installment of the First Tranche of Lease Payment is proportional to the amount of First Payment received by Qinshui Energy, Qinshui Energy intends to collect it from CIMC only when Qinshui Energy has funding needs to avoid unnecessary increase in finance costs of the Group.

As at the Latest Practicable Date, (i) the development of the Production Facilities are in the final stage and it is expected that the Production Facilities will commence trial production at the beginning of September 2020 and reach at least 50% of its full production capacity by the end of 2020; and (ii) registration of pledges on Assets II has not been completed. Since the drawdown requirements have not been fulfilled, Qinshui Energy has not demanded the Second Payment from CIMC.

The Finance Lease Agreement does not stipulate any late payment penalties on CIMC.

Consideration for the lease of the Equipment

The total lease consideration of the Equipment payable by Qinshui Energy to CIMC is RMB58,320,000 (equivalent to approximately HK$65,417,835), which shall be paid in the following manner:

(i) RMB23,328,000 (equivalent to approximately HK$26,167,134) inclusive of interest (the "**First Tranche of Lease Payment**") payable by 36 equal monthly installments of RMB648,000 (equivalent to approximately HK$726,865) with the first installment commenced on 10 August 2019; and

(ii) RMB34,992,000 (equivalent to approximately HK$39,250,701) inclusive of interest (the "**Second Tranche of Lease Payment**") payable by 36 equal monthly installments of RMB972,000 (equivalent to approximately HK$1,090,297) with the first installment commenced on 10 December 2019.[*(Note)*]

Note: It was originally estimated that the trial production of the Production Facilities would begin in the second quarter of 2019 and reach at least 50% of its full production capacity in the second half of 2019. As such, the first installment of the Second Tranche of Lease Payment was set at December 2019. However, owing to the outbreak of coronavirus disease in the PRC, the research and development of the Production Facilities was delayed. Having considered that the drawdown of the Second Payment would be conditional upon the Production Facilities having reached at least 50% of its full production capacity, the Board is of the view that the change in payment terms (i.e. the commencement date of the Second Tranche of Lease Payment) did not constitute a material change in terms to the Finance Lease Agreement. In respect of the said changes in payment terms, CIMC had issued a revised lease payment schedule to Qinshui Energy.

It is expected that the First Payment is mainly used for general working capital of Qinshui Energy and the Second Payment is mainly used for the expansion of the Production Facilities. Accordingly, the consideration for the sale of Equipment and the lease payment for the Equipment are divided into two tranches, respectively, as mentioned above. After arm's length negotiation between Qinshui Energy and CIMC and having considered the aforesaid, the Board is of the view that the payment arrangement is fair and reasonable and on normal commercial terms. Given that the proceeds from the Second Payment would be applied for the expansion of the Production Facilities, it was agreed between Qinshui Energy and CIMC that the drawdown of the Second Payment shall be conditional on the Production Facilities having reached at least 50% of its full production capacity.

Since Qinshui Energy has not received the entire amount of First Payment , Qinshui Energy is currently making partial installment lease payment for the First Tranche of Lease Payment of RMB453,600 (equivalent to approximately HK$508,805) to CIMC with the first installment commenced on 18 September 2019 and annual lease interest rate (the "**ALIR**") of 10.78% per annum. The said partial monthly lease payment to CIMC was determined based on the proportion of the partial receipt of the First Payment by Qinshui Energy. As at the Latest Practicable Date, a total of RMB5,443,200 (equivalent to approximately HK$6,105,665) of lease payment was paid by Qinshui Energy to CIMC, being sum of ten (10) installments of partial lease payment for the First Tranche of Lease Payment. In addition, given that Qinshui Energy has not demanded the Second Payment from CIMC, the monthly installments of the Second Tranche of Lease Payment have not commenced.

The Company understands that the lease payment term under the Finance Lease Agreement (including the partial settlement of the First Payment) is similar to other comparable market transactions and also the previous finance lease transactions between the Group and CIMC. After arm's length negotiation between Qinshui Energy and CIMC and having considered the aforesaid, the Company considers that the lease payment terms under the Finance Lease Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The ALIR was determined at a fixed percentage of premium above the BIR on the date of the Finance Lease Agreement. The lease consideration may be adjusted according to the BIR, that is, the ALIR shall be increased/decreased by the same percentage point of change of the BIR, subject to the following rules:

(a) where the BIR changes after the signing of the Finance Lease Agreement but before commencement of the lease, the ALIR shall be adjusted in accordance with the BIR on the respective lease commencement date; and

(b) where the BIR changes after commencement of the lease, the ALIR shall be adjusted in accordance with the BIR 10 calendar days after such change.

The current BIR and ALIR are 4.75% per annum and 10.78% per annum, respectively. The Company understands that the ALIR (which is at a premium above the BIR) is higher than the existing borrowing rates obtained by the Company from other financial institutions. Nevertheless, having considered that: (i) save for CIMC which have engaged in the business of liquefaction production of natural gas, no banks or financial institutions is willing to offer similar finance lease arrangement for the Equipment due to the lack of experience in the relevant industry; and (ii) the ALIR of 10.78% per annum offered by CIMC only represents a slight increase above the ALIR of 10.6% per annum previously offered by CIMC back in 2015 as disclosed in the circular of the Company published on 11 March 2015, the Board is of the view that the interest rate for the Finance Lease Arrangement is fair, reasonable and on normal commercial terms. The ALIR is on normal commercial terms as compared to other comparable market transactions including the previous leases transactions between the Group as CIMC.

No cap is imposed on the maximum amount of total lease consideration to be paid by Qinshui Energy to CIMC under the Finance Lease Agreement. In the event of late payment, CIMC shall be entitled to monetary compensation of 0.1% of any outstanding lease payment for each calendar day. Having considered that the (i) BIR shows a downward trend since July 2011; and (ii) the global economy has entered into a synchronised slowdown due the COVID-19 pandemic, the Board is of the opinion that chances of the BIR increases during the term of the Finance Lease Arrangement is minimal. As such, even though no cap is imposed on the maximum amount of total lease consideration to be paid by Qinshui Energy to CIMC, there is unlikely to be any significant increase in the amount of the total lease consideration. In the event that the amount of lease consideration under the Finance Lease Arrangement increases resulting in a higher classification of notifiable transaction on the part of the Company, the Company will re-comply with all applicable requirements under Chapter 19 of the GEM Listing Rules.

As mentioned above, Qinshui Energy shall pay the Contract Performance Bond to secure its due and timely performance under the Finance Lease Agreement to CIMC which shall be directly deducted from the First Payment and the Second Payment payable by CIMC to Qinshui Energy. If Qinshui Energy commits any breach causing penalties or damages, CIMC will deduct such penalty and damages from the warranty money. Qinshui Energy has the option to set off any outstanding lease consideration against the warranty money and any balance thereof will be refunded to Qinshui Energy without interest upon expiry of the lease period.

The consideration under the Finance Lease Agreement (including the consideration for the sale of the Equipment and the consideration for the lease of the Equipment) was determined after arm’s length negotiations between Qinshui Energy and CIMC with reference to the prevailing market price and rate. The Group did approach other banks and financial institutions for similar finance lease arrangements of the Equipment but other banks and financial institutions (save for CIMC) were unwilling to arrange similar finance lease arrangement. As such, the terms offered by CIMC were the best obtainable terms of the Group and the Company considers that the consideration is fair, reasonable and on normal commercial terms. It is expected that the funding of the lease consideration will be financed by the Company’s internal financial resources.

As the entering into of the Finance Lease Arrangement is necessary for continuing the operation of the business of Qinshui Energy and is in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the opinion that the Finance Lease Arrangement was entered into on normal commercial terms after arm's length negotiation and the terms of the Finance Lease Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ownership

Subject to Qinshui Energy having duly and satisfactorily performed all its obligations under, and upon the expiry of, the Finance Lease Agreement, Qinshui Energy has an option to purchase the Equipment from CIMC for the Nominal Purchase Price of RMB100 each.

Pledges and guarantees

It was agreed between the parties to the Finance Lease Agreement that Qinshui Energy shall pledge Assets I and Assets II to CIMC to secure due payment by Qinshui Energy under the Finance Lease Agreement. Pledges on Assets I have taken effect as at the Latest Practicable Date and the registration of pledges of Assets II is expected to be completed after the Production Facilities having reached at least 50% of its full production capacity for one month consecutively. The net book value of the Properties, the pipelines, the Equipment, 100% equity interest in Qinshui Energy and Assets II as at 31 December 2019 was nil, approximately RMB81,355,000 (equivalent to approximately HK$91,256,310), approximately RMB6,842,000 (equivalent to approximately HK$7,674,706), approximately RMB14,646,000 (equivalent to approximately HK$16,428,491) and RMB10,304,000 (equivalent to approximately HK$11,558,048), respectively. The 60% equity interest in Yangcheng Huiyang is of negative net book value of approximately RMB43,096,000 (equivalent to approximately HK$48,340,998) as at 31 December 2019. For further details of pledges of 100% equity interest in Qinshui Energy and 60% equity interest in Yangcheng Huiyang, please refer to the paragraph headed "The Share Pledge Agreements" below.

On 25 July 2019, each of the Company, Luoyang Shunhe, Guangxi Beiliu, Yangcheng Shun An, Hebei Shuntai, Yangcheng Huiyang and Shanxi Yangcheng entered into a guarantee in favour of CIMC to secure due payment by Qinshui Energy to CIMC in accordance with the Finance Lease Agreement. Each of the guarantees has taken effect as at the Latest Practicable Date. The relevant subsidiaries of the Group has also provided documents in relation to the registration of pledging of the Equipment as collaterals in favour of CIMC to secure due payment by Qinshui Energy to CIMC under the Finance Lease Arrangement.

According to the Finance Lease Agreement, CIMC shall have the right to require additional guarantees in the circumstances where (i) the credibility of Qinshui Energy or its guarantors has dropped; or (ii) the value of the pledged assets has dropped; or (iii) other circumstances arise rendering it reasonable for CIMC to require additional protection. There is no specific mechanism/ threshold specified in the Finance Lease Agreement for the assessment of each of aforesaid conditions. It is expected that CIMC would assess the aforesaid conditions in a reasonable manner. As at the Latest Practicable Date, CIMC has not requested for any additional guarantees. Given that CIMC is also a listed company on the Stock Exchange, in the event that additional guarantees are required by CIMC resulting in a higher classification of notifiable transaction on the part of the Company, the Company will liaise with CIMC and re-comply with all applicable requirements under Chapter 19 of the GEM Listing Rules accordingly.

The Share Pledge Agreements

In connection with the Finance Lease Arrangement, the Company entered into each of the Share Pledge Agreements on 25 July 2019, pursuant to which the Company conditionally agreed to pledge 100% equity interest in Qinshui Energy and Shanxi Yangcheng has conditionally agreed to pledge 60% equity interest in Yangcheng Huiyang in favour of CIMC, respectively, to secure due payment by Qinshui Energy in accordance with the Finance Lease Agreement. Each of the Share Pledge Agreements has taken effect as at the Latest Practicable Date.

Termination

Pursuant to the Finance Lease Agreement, early termination shall be subject to mutual agreement of CIMC and Qinshui Energy. There is no specific provision governing rights and obligations of the parties in the event of early termination under the Finance Lease Agreement.

INFORMATION OF THE GROUP

The Group is principally engaged in the sale of natural gas in the PRC. As at the Latest Practicable Date, the Company has 1,319,484,534 Shares in issue and options to subscribe for 32,119,074 Shares granted under the share option scheme of the Company.

INFORMATION OF CIMC

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CIMC, a company principally engaged in the business of financial leasing, and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group is principally engaged in the business of exploitation, liquefaction production and sale of natural gas and coalbed gas in the PRC.

The Board considers that the entering into of the Finance Lease Agreement would enhance the working capital position of Qinshui Energy whilst at the same time allow Qinshui Energy to continue to utilise the Equipment to further develop its business. As such, the Finance Lease Agreement is expected to optimise the asset and debt structure of the Group. The funds from the Finance Lease Arrangement will be used for the acquisition of new equipment and manufacturing.

The Directors (including the independent non-executive Directors) are of the opinion that the Finance Lease Arrangement was entered into on normal commercial terms after arm's length negotiation and the terms of the Finance Lease Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Finance Lease Arrangement and is required to abstain from voting on the board resolutions approving the Finance Lease Arrangement.

FINANCIAL EFFECTS OF THE FINANCE LEASE ARRANGEMENT

Upon closing of the Finance Lease Arrangement, it is expected that (i) the total assets of the Group will increase to reflect the sale proceeds of the Equipment; (ii) the total liabilities of the Group will increase to reflect the payment obligation of the Group under the finance leases; and (iii) the earnings of the Group will decrease to reflect the monthly lease payment under the Finance Lease Agreement. While the Company considers that there is no material impact on the earnings of the Group as a result of the Finance Lease Arrangement other than the finance charges as a result thereof, the Directors consider that the sales consideration of the Equipment will improve the liquidity of the Group.

The total net book value of the Equipment as at 31 December 2019 was approximately RMB6,842,000 (equivalent to approximately HK$7,674,705).

Save as described above, it is not expected that there will be any material impact on the earnings and assets and liabilities of the Group as a result of the Finance Lease Arrangement.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios of the Finance Lease Arrangement exceed 25% but less than 100%, the Finance Lease Arrangement constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Therefore, the Finance Lease Arrangement is subject to the requirements of announcement and the approval of the Shareholders by way of poll at the SGM.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Finance Lease Arrangement and no Shareholder is required to, among other things, abstain from voting at the SGM.

According to the internal control procedures of the Group by the time the Finance Lease Agreement was entered into, subsidiaries of the Group should report all notifiable and/or connected transactions under Chapters 19 and 20 of the GEM Listing Rules to the Board. The Board will then consider whether the relevant transactions constitute notifiable and/or connected transactions on part of the Company under Chapters 19 and 20 of the GEM Listing Rules and comply with the relevant GEM Listing Rules accordingly. Whilst Qinshui Energy had conducted similar finance lease arrangements with CIMC before, the relevant staff at Qinshui Energy handling the Finance Lease Agreement was not involved in such previous transactions. As such, at the time of the entering into of the Finance Lease Agreement, Qinshui Energy was in the opinion that such Finance Lease Agreement was a normal commercial finance agreement on normal commercial terms and Qinshui Energy did not draw the attention of the Directors to the implication of such transaction under the GEM Listing Rules particularly. This causes the delay in publication of the Announcement. The Company considers that the delay in publication of the Announcement constitutes non-compliance to Rule 19.34 of the GEM Listing Rules.

The Finance Lease Agreement has become effective from the date thereof and the transfer of legal title of the Equipment to CIMC has been completed accordingly. Upon regular checking of transactions conducted by the Group, the Company was aware that the Finance Lease Arrangement might constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. In or around October 2019, the Company sought for legal advice in relation to the Finance Lease Arrangement and was informed by its professional advisers that the Finance Lease Arrangement might constitute a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. Upon learning the GEM Listing Rules implications of the Finance Lease Arrangement, the Company has communicated with CIMC and CIMC has issued a notice to Qinshui Energy on 15 October 2019 to confirm the termination arrangement of the Finance Lease Agreement in the event of the Shareholders not passing the relevant resolution(s) at the SGM to ratify the Finance Lease Agreement, the respective parties shall terminate the Finance Lease Arrangement. It follows that (i) the legal title of the Equipment will be transferred back to Qinshui Energy; (ii) relevant pledges and guarantees will be discharged and released; (iii) the contract sum will be refunded by Qinshui Energy to CIMC together with interests payment, which amounts to RMB10,772,000 (approximately HK$12,083,006) as at the Latest Practicable Date, being the sum of outstanding principal of RMB9,802,000 (approximately HK$10,994,952) and interests on early repayment of RMB970,000 (approximately HK$1,088,054) based on the BIR; (iv) the Contract Performance Bond of RMB2,000,000 (approximately HK$2,243,410) would be repaid by CIMC to Qinshui Energy; and (v) no penalties would be imposed by CIMC on the Group, and vice versa. As such, the Company considers that the Finance Lease Agreement did not fully comply with Rule 19.40 of the GEM Listing Rules. Whilst the Group would have to pay all loss incurred by CIMC in the event of termination in the event that the Shareholders not passing the relevant resolution(s) at the SGM, it is contemplated that there would be no other losses other than the interest. Moreover, all losses to be incurred by CIMC would have to be proved by CIMC with supporting of relevant evidence.

Upon learning the incident, the Board has directed the management of the Company's subsidiaries to review all relevant transactions to ensure compliance with the relevant internal control procedures and the GEM Listing Rules. The Group has conducted internal review in or around late October 2019 and confirmed that all relevant financing transactions (save and except for the Finance Lease Arrangement) comply with the relevant internal control procedures and the

GEM Listing Rules. The Company has also reminded Qinshui Energy and its staff on the relevant GEM Listing Rules compliance requirements, in particular on Chapters 19 and 20 of the GEM Listing Rules. Compliance training has also been conducted by the Company to staff of Qinshui Energy to strengthen their understanding on the GEM Listing Rules to avoid occurrence of similar events in the future. The Company will conduct regular internal review to confirm if all relevant financing transactions of the Group has complied with the internal control procedure and the GEM Listing Rules.

Whilst the relevant staff involved in the Finance Lease Arrangement was inexperienced and without training on GEM Listing Rules compliance, the Company has enhanced its internal controls and the Group has established its compliance department headed with an experienced PRC certified public accountant with years of experience, who would be responsible for reporting transactions and potential transactions under Chapter 19 and Chapter 20 of the GEM Listing Rules to the Board. Relevant training on GEM Listing Rules compliance has been given by the department to the relevant financing staff. During the recent preparation of interim report, the Group has conducted review on its financing transactions to ensure compliance with the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CIMC is a wholly-owned subsidiary of China Investment Marine Containers (Group) Co., Ltd (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC on 14 January 1980 and listed on the Shenzhen Stock Exchange (stock code: 000039) and the Stock Exchange (stock code: 2039).

SGM

A notice convening the SGM to be held at Conference room, 14/F, Building B, Phase 1, Tianan Innovation Tech-Square, 25 Tairan 4th Road, Futian District, Shenzhen, China on Tuesday, 20 October 2020 at 11:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief having making all reasonable enquiries, no Shareholders have a material interest in the Finance Lease Arrangement and therefore required to abstain from voting at the SGM.

RECOMMENDATION

The Board considers that the terms of the Finance Lease Arrangement 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 Board recommends the Shareholders to vote in favour of the resolution as set out in the notice of the SGM.

ADDITIONAL INFORMATION

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

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

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 can be found in the annual reports of the Company for each of the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 (pages 58 to 182 of the 2017 Annual Report published on 29 March 2018, pages 58 to 190 of the 2018 Annual Report published on 28 March 2019 and pages 50 to 192 of the 2019 Annual Report published on 15 May 2020) respectively, all of which have been published on the HKExnews website at **www.hkexnews.hk** and the company's website at **web.iprofpl.com/8270/info_e.html**.

The Company's annual reports for the three financial years ended 31 December 2019 is accessible via the following hyperlink:

– 2017 Annual Report:
rss.iprofpl.com/pdfs/8270/C_GLN20180329176_29032018_1637.pdf

– 2018 Annual Report:
rss.iprofpl.com/pdfs/8270/CW08270%281%29.pdf

– 2019 Annual Report:
rss.iprofpl.com/pdfs/8270/EW08270-AR.pdf

The financial information of the Group for the six months ended 30 June 2020 can be found in the interim reports of the Company for the six months ended 30 June 2020 (pages 6 to 27 of the 2020 Interim Report published on 14 August), which have been published on the HKExnews website at **www.hkexnews.hk** and the company's website at **web.iprofpl.com/8270/info_e.html**.

The Company's interim report for the six months ended 30 June 2020 is accessible via the following hyperlink:

– 2020 Interim Report:
https://www1.hkexnews.hk/listedco/listconews/gem/2020/0814/2020081400729.pdf

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

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

3. INDEBTEDNESS

Statement of Indebtedness

As at the close of business on 31 August 2020, being the latest practicable date for the purpose of this indebtedness statement, the indebtedness of the Group was as follows:

(i) Bank borrowings

Bank borrowings of approximately RMB30,000,000 were secured by the Group's the exclusive right to operate in gas pipeline infrastructure and unsecured bank borrowing of approximately RMB5,000,000.

(ii) Other borrowings

Other borrowings of approximately RMB25,507,000 was unsecured and unguaranteed.

(iii) Amount due to a non-controlling shareholders of subsidiaries

Amount due to a non-controlling shareholders of subsidiaries of approximately RMB5,720,000 was unsecured and unguaranteed.

(iv) Obligation under finance leases arrangements

Obligation under finance leases arrangements of approximately RMB11,604,000 (equivalent to approximately HK$13,016,265) were secured by the Group's certain Properties, pipelines, Equipment, 100% equity interest in Qinshui Energy, 60% equity interest in Yangcheng Huiyang and guaranteed by certain subsidiaries of the Company. The net book value of the Properties, the pipelines, the Equipment and 100% equity interest in Qinshui Energy as at 31 December 2019 was nil, approximately RMB81,355,000 (equivalent to approximately HK$91,256,310), approximately RMB6,842,000 (equivalent to approximately HK$7,674,706) and approximately RMB14,646,000 (equivalent to approximately HK$16,428,491), respectively. The 60% equity interest in Yangcheng Huiyang is of negative net book value of approximately RMB43,096,000 (equivalent to approximately HK$48,340,998) as at 31 December 2019.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 31 August 2020.

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 31 August 2020 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, the Group will have sufficient working capital for at least twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

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 is 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 interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director 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 otherwise required to notify the Company and the Stock Exchange 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:

(i) Long positions in the Shares and the underlying shares

Name	Capacity	Nature of interest	Number of ordinary shares/ underlying shares	Approximate % of shareholdings
Mr. Wang Zhong Sheng	Interest of controlled corporation	Corporate interest	18,118,500 *(Note 1)*	1.38%
	Beneficial owner	Personal	470,588,254 *(Note 2)*	35.66%

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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

2. Out of the 470,588,254 long positions, Mr. Wang Zhong Sheng is interested as (i) a grantee of options to subscribe for 324,750 shares under the share option scheme adopted by the Company on 18 May 2011; (ii) a beneficial owner of 376,121,483 issued shares of the Company; and (iii) a holder of convertible bonds convertible to 94,142,021 conversion shares.

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 otherwise required to notify the Company and the Stock Exchange 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, 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 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 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 shares

Name	Number of shares	Nature of Interest	Approximate percentage of shareholding
Ms. Zhao Xin *(Note)*	488,706,754	Interest of spouse	37.04%

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

Save as disclosed above, as at the Latest Practicable Date, the Directors 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), 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 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 substantial Shareholder or any of their respective 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

As at the Latest Practicable Date, no member 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. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors nor experts referred to in paragraph 8 below has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts 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:

(a) the Finance Lease Agreement;

(b) the Guarantees; and

(c) the Share Pledge Agreements.

8. 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 Tengis Limited located at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, 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. Wang Zhi He and Mr. Xu Yuan Jian. 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. 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 2019 Annual Report published on 15 May 2020.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 20, 19/F., Fortune Commercial Building, 362 Sha Tsui Road, Tsuen Wan, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of SGM:

(a) the memorandum of continuance of the Company and the bye-laws of the Company;

(b) the annual reports of the Company for each of the three financial years ended 31 December 2017, 2018 and 2019 and the interim report of the Company for the six months ended 30 June 2020;

(c) the material contracts referred to under the paragraph headed "7. Material Contracts" in this appendix; and

(d) 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 IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of China CBM Group Company Limited (the "**Company**", together with its subsidiaries as the "**Group**") will be held at Conference room, 14/F, Building B, Phase 1, Tianan Innovation Tech-Square, 25 Tairan 4th Road, Futian District, Shenzhen, China on Tuesday, 20 October 2020 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the finance lease agreement entered into, among other things, between 山西沁水順泰能源發展有限公司 (Shanxi Qinshui Shuntai Energy Development Company Limited) ("**Qinshui Energy**") (as lessee and seller) and 中集融資租賃有限公司 (CIMC Capital Ltd.) ("**CIMC**") (as lessor and purchaser) dated 25 July 2019, pursuant to which, among other things, (i) Qinshui Energy conditionally agreed to sell and CIMC conditionally agreed to purchase certain liquefied natural gas equipment (the "**Equipment**") for a total consideration of RMB50,000,000; and (ii) Qinshui Energy conditionally agreed to lease from CIMC, and CIMC conditionally agreed to lease to Qinshui Energy, the Equipment for a total lease consideration of RMB58,320,000 by two tranches, each for a term of 36 months by monthly installments inclusive of interest, with a lump sum payment of contract performance bond in the sum of RMB5,000,000 and handling fee in the sum of RMB750,000 (the "**Finance Lease Agreement**") (a copy of which has been produced to the Meeting marked "A" and initialled by the Chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder, including but not limited to the execution of relevant security documents including guarantees, collaterals and pledge by the Company and/or certain other subsidiaries of the Group in favour of CIMC in respect of the finance lease arrangement, be and are hereby approved, confirmed and ratified; and

(b) any of the directors of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents, instruments and agreements (whether under common seal or not) and to take all steps and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Finance Lease Agreement as he may in his absolute discretion consider necessary, desirable or expedient to give effect to the Finance Lease Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the directors of the Company, in the interest of the Company and its shareholders as a whole."

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

Hong Kong, 30 September 2020

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 meeting convened by the above notice 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 Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 meeting 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 above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.