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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**China CBM Group Company Limited**

**中國煤層氣集團有限公司**

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

**(Stock Code: 8270)**

**PROPOSED SHARE PREMIUM REDUCTION  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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

A notice convening the SGM to be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, the PRC on Monday, 6 March 2023 at 9:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the SGM, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than forty-eight (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.

This circular will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication and the website of the Company at <https://mediumir.com/c08270/en/index.php>.

9 February 2023

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## CHARACTERISTICS OF GEM

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

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

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
“Company”	China CBM Group Company Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being (subject to compliance with section 46(2) of the Companies Act) the first business day immediately following the date of passing of the special resolution to approve the Share Premium Reduction at the SGM
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	3 February 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Share Premium Reduction
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted by the laws of Bermuda and the Bye-laws
“Share(s)”	ordinary share(s) of HK\$0.08 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## LETTER FROM THE BOARD

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

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

**(Stock Code: 8270)**

*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

9 February 2023

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED SHARE PREMIUM REDUCTION**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 16 January 2023. The purpose of this circular is to provide you with further information relating the Share Premium Reduction and a notice of the SGM to be convened and held for the purpose of considering and, if thought fit, approving the Share Premium Reduction.

#### **SHARE PREMIUM REDUCTION**

The Board intends to put forward for approval by the Shareholders at the SGM a proposal to reduce the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted by the laws of Bermuda and the Bye-laws.

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## **LETTER FROM THE BOARD**

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### **REASON FOR THE SHARE PREMIUM REDUCTION**

Under the Companies Act, where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium on those Shares shall be transferred to the Share Premium Account (except in the case of an exchange of Shares the excess value of the shares acquired over the nominal value of the Shares being issued may be credited to the Contributed Surplus Account). The Company shall not declare or pay a dividend or make a distribution out of the Share Premium Account.

Pursuant to the Companies Act and the Bye-laws, subject to compliance with the conditions stated in the relevant provisions, the Company may make distributions to the Shareholders out of the Contributed Surplus Account. The Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company, thereby giving the Company greater flexibility in making distributions to the Shareholders out of the Contributed Surplus Account in the future as the Board considers appropriate. Subject to approval by the Shareholders of the Share Premium Reduction, the amount standing to the credit of the Contributed Surplus Account may be used to set off the accumulated losses of the Company that may arise from time to time.

The Board therefore considers that the Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

### **EFFECTS OF THE SHARE PREMIUM REDUCTION**

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company, or any reduction in the nominal value of the Shares or alteration of the trading arrangements concerning the Shares.

Save for the expenses to be incurred by the Company in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

Based on the audited financial statements of the Company as at 31 December 2021, the amounts standing to the credit of the Share Premium Account and the Contributed Surplus Account as at 31 December 2021 were approximately RMB142,284,000 and RMB584,838,000 respectively while the accumulated losses of the Company as at 31 December 2021 amounted to approximately RMB600,763,000. As at the Latest Practicable Date, the balances of the Share Premium Account and the Contributed Surplus Account were approximately RMB247,429,000 and RMB584,838,000 respectively.

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## LETTER FROM THE BOARD

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### CONDITIONS OF THE SHARE PREMIUM REDUCTION

The Share Premium Reduction is conditional upon:

- (a) the passing of a special resolution by the Shareholders approving the Share Premium Reduction at the SGM; and
- (b) compliance with the requirements of section 46(2) of the Companies Act to effect the Share Premium Reduction, including but not limited to (i) the publication of a notice in relation to the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the Effective Date and (ii) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date would be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the conditions above, the Share Premium Reduction will be completed and become effective on the Effective Date.

### WARNING

**Shareholders and potential investors of the Company should note that the Share Premium Reduction is conditional upon satisfaction of the conditions set out in this circular. Therefore, the Share Premium Reduction may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company. If they are in any doubt, they should consult their professional advisers.**

### SGM

A notice convening the SGM to be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, the PRC on Monday, 6 March 2023 at 9:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular for the purpose of considering and, if thought fit, passing the special resolution as set out therein. The vote of the Shareholders at the SGM will be taken by poll in accordance with Rule 17.47(4) of the GEM Listing Rules and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

For the purpose of determining the Shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 2 March 2023 to Monday, 6 March 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 1 March 2023 (Hong Kong time).



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## LETTER FROM THE BOARD

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A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not the Shareholders intend to attend and vote in person at the SGM, the Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the adjourned SGM (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Share Premium Reduction. The Directors are not aware of any Shareholder who will be required to abstain from voting at the SGM pursuant to the GEM Listing Rules and/or the Bye-laws.

### **RESPONSIBILITY STATEMENT**

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

### **RECOMMENDATION**

The Directors are of the opinion that the special resolution in relation to the Share Premium Reduction as set out in the notice of the SGM is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of such resolution.

Yours faithfully,  
By order of the Board  
**China CBM Group Company Limited**  
**Wang Zhong Sheng**  
*Chairman*

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## NOTICE OF SGM

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

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

**(Stock Code: 8270)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of China CBM Group Company Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) will be held at Conference Room, Main Building, Lizhuang Village, Jiafeng Town, Qinshui County, Jincheng City, Shanxi Province, the PRC on Monday, 6 March 2023 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as resolution of the Company:

#### SPECIAL RESOLUTION

“**THAT** subject to and conditional upon compliance by the Company with the relevant procedures and requirements under the laws of Bermuda and the bye-laws of the Company to effect the reduction of share premium account referred to below, and with effect from the first business day immediately following the day of passing of this special resolution or upon the day on which the above condition is fulfilled (whichever is the later) (the “**Effective Date**”):

- (a) the entire amount standing to the credit of the share premium account of the Company on the Effective Date be and is hereby reduced to nil (the “**Reduction**”);
- (b) the credit arising from the Reduction be entirely transferred to the contributed surplus account of the Company (the “**Contributed Surplus Account**”) within the meaning of the Companies Act 1981 of Bermuda (as amended);
- (c) any one director of the Company be and is hereby authorised to apply any credit balance of the Contributed Surplus Account to eliminate or to set off the accumulated losses of the Company as at the Effective Date and/or to apply the credit of the Contributed Surplus Account in such other manner as he/she considers appropriate as permitted by the bye-laws of the Company in effect from time to time and all applicable laws without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, confirmed and ratified; and

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## NOTICE OF SGM

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- (d) any one director of the Company be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Reduction.”

Yours faithfully,  
By order of the Board  
**China CBM Group Company Limited**  
**Wang Zhong Sheng**  
*Chairman*

Hong Kong, 9 February 2023

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

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

*Notes:*

1. Any member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her/its stead. A proxy needs not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In the case of joint holders of any share, any one of such joint holders may vote, either in person or by proxy or in the case of a corporation by its duly authorised representative, in respect of such share at the SGM as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present in person or by proxy or in the case of a corporation by its duly authorised representative at the meeting, then one of the persons so present whose name stands first on the registers of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. For the purpose of determining the shareholders who are entitled to attend and vote at the meeting, the register of members of the Company will be closed from Thursday, 2 March 2023 to Monday, 6 March 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 1 March 2023 (Hong Kong time).
4. In order to be valid, the form of proxy must be duly lodged at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the SGM or any adjourned meeting.

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## NOTICE OF SGM

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5. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
  
6. As at the date of this notice, the executive directors of the Company are Mr. Wang Zhong Sheng and Mr. Chang Jian, the non-executive directors of the Company are Mr. Duan Shi Chuan, Mr. Wang Chen and Mr. Liang Feng and the independent non-executive directors of the Company are Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian.