

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 2024

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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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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.

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HIGHLIGHTS

- For the year ended 31 December 2024, the Group's revenue amounted to approximately RMB243,568,000, representing an increase of approximately 1.73% over that of the year ended 31 December 2023.
- For the year ended 31 December 2024, the Group's loss for the year amounted to approximately RMB34,646,000, whereas there was a profit of approximately RMB2,155,000 for the year ended 31 December 2023.
- For the year ended 31 December 2024, the Group's loss per share was RMB8.87 cents (2023: earnings per share RMB0.69 cents).
- The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

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 2024 (the “Year”) together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Revenue	4	243,568	239,421
Cost of sales		<u>(217,230)</u>	<u>(213,046)</u>
Gross profit		26,338	26,375
Other income and gains or losses	5	(18,662)	11,581
Selling and distribution costs		(3,699)	(2,932)
Administrative and other expenses		(32,670)	(38,870)
Reversal of impairment on property, plant and equipment		–	6,853
Reversal of impairment under expected credit loss model, net		9	351
Finance costs	7(c)	<u>(1,099)</u>	<u>(1,259)</u>
(Loss)/Profit before taxation	7	(29,783)	2,099
Income tax (expense)/credit	8	<u>(4,863)</u>	<u>56</u>
(Loss)/Profit for the year		<u>(34,646)</u>	<u>2,155</u>
Attributable to:			
Equity shareholders of the Company		(34,645)	2,530
Non-controlling interests		<u>(1)</u>	<u>(375)</u>
		<u>(34,646)</u>	<u>2,155</u>
		RMB	RMB
(Loss)/Earnings per share			
– Basic	9	(8.87) cents	0.69 cents
– Diluted	9	<u>(8.87) cents</u>	<u>0.68 cents</u>

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

For the year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/Profit for the year	<u>(34,646)</u>	<u>2,155</u>
Other comprehensive (expense)/income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<u>(3,103)</u>	<u>8,197</u>
Total comprehensive (loss)/income for the year	<u><u>(37,749)</u></u>	<u><u>10,352</u></u>
Total comprehensive (loss)/income attributable to:		
Equity shareholders of the Company	<u>(37,748)</u>	<u>10,727</u>
Non-controlling interests	<u>(1)</u>	<u>(375)</u>
	<u><u>(37,749)</u></u>	<u><u>10,352</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		214,039	225,170
Right-of-use assets		19,427	19,966
Deposits and prepayments		3,727	6,444
		<u>237,193</u>	<u>251,580</u>
Current assets			
Inventories		11,273	7,631
Trade and other receivables	<i>10</i>	28,590	31,474
Tax recoverable		2,209	2,209
Bank balances and cash		48,484	45,444
		<u>90,556</u>	<u>86,758</u>
Total assets		<u>327,749</u>	<u>338,338</u>
Current liabilities			
Trade and other payables	<i>11</i>	160,408	141,387
Bank and other borrowings		23,400	16,500
Provision for production safety		11,471	13,306
Convertible bonds		3,296	–
Income tax liabilities		3,150	–
		<u>201,725</u>	<u>171,193</u>
Net current liabilities		<u>(111,169)</u>	<u>(84,435)</u>
Total assets less current liabilities		<u>126,024</u>	<u>167,145</u>

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current liabilities			
Convertible bonds		–	2,944
Deferred tax liabilities		2,972	3,400
		<u>2,972</u>	<u>6,344</u>
Net assets		<u>123,052</u>	<u>160,801</u>
Capital and reserves			
Share capital		26,305	26,305
Reserves		100,964	138,712
		<u>127,269</u>	<u>165,017</u>
Equity attributable to equity shareholders of the Company		127,269	165,017
Non-controlling interests		(4,217)	(4,216)
		<u>(4,217)</u>	<u>(4,216)</u>
Total equity		<u>123,052</u>	<u>160,801</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	General reserve	Translation reserve	Contributed surplus	Share option reserve	Convertible bonds reserve	Other reserve	Accumulated losses and retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	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 2023	17,133	142,284	1,892	(10,493)	584,838	6,468	-	-	(446,141)	295,981	(51,970)	244,011
Profit/(loss) for the year	-	-	-	-	-	-	-	-	2,530	2,530	(375)	2,155
Other comprehensive income for the year	-	-	-	8,197	-	-	-	-	-	8,197	-	8,197
Total comprehensive income/(loss) for the year	-	-	-	8,197	-	-	-	-	2,530	10,727	(375)	10,352
Acquisition of additional equity interest of a subsidiary	6,421	105,145	-	-	(150,497)	-	30,863	(54,954)	-	(63,022)	48,129	(14,893)
Issue of new shares												
– Conversion of convertible bonds	1,639	25,117	-	-	-	-	(21,043)	-	-	5,713	-	5,713
– Exercise of share options	1,112	8,881	-	-	-	(3,654)	-	-	-	6,339	-	6,339
Share premium reduction	-	(247,429)	-	-	(434,341)	-	-	23,942	657,828	-	-	-
Special dividends approved in respect of the current year	-	-	-	-	-	-	-	-	(90,721)	(90,721)	-	(90,721)
Balance at 31 December 2023	<u>26,305</u>	<u>33,998</u>	<u>1,892</u>	<u>(2,296)</u>	<u>-</u>	<u>2,814</u>	<u>9,820</u>	<u>(31,012)</u>	<u>123,496</u>	<u>165,017</u>	<u>(4,216)</u>	<u>160,801</u>
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 expenses for the year	-	-	-	(3,103)	-	-	-	-	-	(3,103)	-	(3,103)
Total comprehensive loss for the year	-	-	-	(3,103)	-	-	-	-	(34,645)	(37,748)	(1)	(37,749)
Balance at 31 December 2024	<u>26,305</u>	<u>33,998</u>	<u>1,892</u>	<u>(5,399)</u>	<u>-</u>	<u>2,814</u>	<u>9,820</u>	<u>(31,012)</u>	<u>88,851</u>	<u>127,269</u>	<u>(4,217)</u>	<u>123,052</u>

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, liquefaction production 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 People’s Republic of China (“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 all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong. 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

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 as at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB111,169,000. This condition 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 directors of the Company anticipate that the Group will generate positive cash flows from its operations in the foreseeable future;
- (3) Subsequent to 31 December 2024, certain construction suppliers and material suppliers of the Group whom the Group owed an aggregate amount of approximately RMB63.7 million as at 31 December 2024, which were included in payables for acquisition of property, plant and equipment and trade payables under trade and other payables have agreed not to demand for repayment for the amounts due to them before 31 May 2026; and
- (4) Subsequent to 31 December 2024, the lender of an unsecured loan of approximately RMB10.4 million as at 31 December 2024 which was included in amount due to a non-controlling shareholder of PRC subsidiary under bank and other borrowings as at 31 December 2024 has agreed to extend repayment period up to 31 May 2026.
- (5) The Group will negotiate with certain bankers to obtain additional banking facilities, if necessary.

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. Accordingly, 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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs 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 HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs 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 HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

² Effective for annual periods beginning on or 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs 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 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 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. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. REVENUE

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or services		
Sales of liquefied coalbed gas	207,873	173,613
Sales of piped natural gas	21,109	50,054
Provision of coalbed gas liquefaction processing services	14,586	15,754
	243,568	239,421
Timing of revenue recognition		
On point in time basis	243,568	239,421
Over time basis	–	–
Total	243,568	239,421

5. OTHER INCOME AND GAINS OR LOSSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income		
Interest income from bank deposits	25	16
Rental income	–	141
Value-added tax refund	2,439	7,723
Government grant	1,014	3,607
Sundry income	291	657
Exchange gain	4	–
	<u>3,773</u>	<u>12,144</u>
Other gains or losses		
(Loss)/Gain on disposal of property, plant and equipment	(8)	679
Written-off of property, plant and equipment	(22,427)	(1,456)
Written-off of other receivables	–	(71)
Waiver of other payables	–	39
Reversal of prepayment previously impaired	–	246
	<u>(22,435)</u>	<u>(563)</u>
	<u>(18,662)</u>	<u>11,581</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 to be primarily dependent on the performance of exploitation, liquefaction production and sale of natural gas in the PRC. Therefore, the CODM considers there is 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 total comprehensive expense for the year as shown in the consolidated statement of profit or loss and other comprehensive income 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 2024 and 2023, 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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC	236,268	251,580
Hong Kong	925	–
	<u>237,193</u>	<u>251,580</u>

(b) **Information about major customers**

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	25,738	N/A ¹
Customer B	25,438	32,967
Customer C	N/A ¹	24,764
Customer D	N/A ¹	24,339
	<u> </u>	<u> </u>

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

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(a) Staff costs (including directors' chief executive's emoluments)		
Salaries and other benefits	21,914	22,424
Retirement benefits schemes contributions	4,087	3,188
	<hr/>	<hr/>
Total staff costs	26,001	25,612
	<hr/> <hr/>	<hr/> <hr/>
(b) Other items		
Cost of inventories recognised as expense	192,683	178,235
Auditor's remuneration	1,328	1,250
Depreciation of property, plant and equipment included in		
– Cost of sales	14,893	26,217
– Selling and distribution costs	2,663	2,733
– Administrative and other expenses	3,168	2,959
Depreciation of right-of-use assets included in		
– Cost of sales	236	228
– Administrative and other expenses	321	321
Research and development costs	14	187
Rental on low value/short-term lease	1,181	1,158
	<hr/> <hr/>	<hr/> <hr/>
(c) Finance costs		
Interest expenses on bank and other borrowings	852	829
Effective interest on convertible bonds	247	430
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	1,099	1,259
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE/(CREDIT)

Taxation in the consolidated statement of profit or loss represents:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax - PRC Enterprise Income Tax (“EIT”)		
Provision for the year	3,553	17
Underprovision in prior years	1,739	247
Deferred tax		
Origination and reversal of temporary differences	<u>(429)</u>	<u>(320)</u>
Income tax expense/(credit)	<u>4,863</u>	<u>(56)</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 2024 and 2023.

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.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to equity shareholders of the Company is based on the following data:

(Loss)/Earnings figures are calculated as follows:

	Year ended	Year ended
	31/12/2024	31/12/2023
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/Profit for the year attributable to owners of the Company	<u>(34,645)</u>	<u>2,530</u>

Number of shares

	Year ended 31/12/2024 '000	Year ended 31/12/2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings/loss per share	390,451	367,723
Effect of dilutive potential ordinary shares:		
Share Options	<u>–</u>	<u>4,273</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>390,451</u>	<u>371,996</u>

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

For the year ended 31 December 2023, the weighted average number of ordinary shares of 367,723,000 in issue during the year had been retrospectively adjusted to take into account the share consolidation (the “Share Consolidation”) on the basis that every eight issued and unissued existing shares of HK\$0.01 each would be consolidated into one consolidated share of HK\$0.08 each, which was completed on 5 January 2023.

(b) Diluted (loss)/earnings per share

The calculation for diluted loss per share for the year ended 31 December 2024 is based on the loss attributable to equity shareholders of the Company and the denominator used are the same as for the basic loss per share.

For the year ended 31 December 2023, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, after taking into account the effect of Share Consolidation mentioned above. As at 31 December 2023, the potential dilutive ordinary shares of the Company are share options. The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company’s shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 December 2024, the assumed conversion of potential ordinary shares in relation to the share options has anti-dilutive effect (2023: dilutive effect as the average market price of ordinary shares exceeded the exercise price of the options during the year) to the basic (loss)/earnings per share.

For the year ended 31 December 2024, the effect of potential ordinary shares from the conversion of convertible bonds is anti-dilutive (2023: anti-dilutive).

10. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– contracts with customers	2,125	2,510
Less: Allowance for credit losses	(1,297)	(1,301)
	<u>828</u>	<u>1,209</u>
Bills receivables	520	300
Other receivables and deposits	4,929	10,505
Other prepayments	7,306	11,291
Value-added tax recoverable	4,464	818
Value-added tax refunds receivables	10,543	7,351
	<u>28,590</u>	<u>31,474</u>

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	374	1,115
More than 1 month but less than 3 months	90	90
More than 3 months but less than 6 months	90	–
More than 6 months but less than 12 months	270	–
More than 12 months	4	4
	<u>828</u>	<u>1,209</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.

11. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables	35,440	3,761
Amount due to ultimate controlling party	3,581	231
Amounts due to directors	574	64
Accrued expenses and other payables (<i>note (i)</i>)	29,952	52,258
Payables for acquisition of property, plant and equipment	88,377	82,530
Loan interest payables	1,844	1,844
Value-added and other taxes payables	640	699
	160,408	141,387

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 2024 (2023: RMB3,302,000).

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

	2024	2023
	RMB'000	RMB'000
Within 1 month	7,921	1,454
More than 1 month but less than 3 months	26,041	423
More than 3 months but less than 6 months	88	862
More than 6 months but less than 12 months	173	252
More than 12 months	1,217	770
	35,440	3,761

The trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

12. DIVIDEND

No dividend has been proposed or declared by the directors for the year ended 31 December 2024 (2023: Nil).

13. LITIGATION

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 (case number: (2021)京0105民初92964) 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, case number: (2023)京03民終16192, Yangcheng Shun An appealed to the Beijing Third Intermediate People’s Court, requesting a legal judgment to reject all claims of the Plaintiff and to return the RMB10,000,000 of the Exploration Fees to Yangcheng Shun An. The grounds for appeal were that the Cooperation Contract had undergone substantial changes in its content and that the Plaintiff had no evidence to prove it used the Exploration Fees and, therefore had no right to demand the payment of related expenses incurred pursuant to the Cooperation Contract from Yangcheng Shun An. However, on 16 January 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 2024, the relevant amount payable of approximately RMB22,000,000 has been recorded and included in payables for acquisition of property, plant and equipment.

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT

An extract of the Company's independent auditors' report for the year ended 31 December 2024 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, which indicates that as at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB111,169,000. This condition, 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 a consolidated turnover of approximately RMB243,568,000 for the year ended 31 December 2024, representing an increase of approximately 1.73% compared with that of the year ended 31 December 2023.

The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2024 of approximately RMB34,645,000 compared with that of profit attributable to equity shareholders of the Company for the year ended 31 December 2023 of approximately RMB2,530,000. The reasons for the losses are as follows:

1. In 2024, construction in progress to approximately RMB22,427,000 was written off due to the well drilling development project has been terminated. It is unlikely that the Group will recover any returns from such project in the foreseeable future, as a result, the related construction works are deemed unfeasible and be written off during the year ended 31 December 2024.

2. The value-added tax refund and Government grant were decreased from RMB7,723,000 and RMB3,607,000 to RMB2,439,000 and RMB1,014,000 respectively in 2024.
3. Income tax expenses of RMB4,863,000 in 2024 because our profits were generated by our natural gas exploration and extraction business, therefore, an income tax expenses was increased to RMB4,863,000 this year.

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 2024 are set out below:

	Reserve evaluation of the CBM properties as at 31 December 2024 BCF	Reserve evaluation of the CBM properties as at 31 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

As at 31 December 2024, the production capacity of the Group’s LNG plants remained unchanged at the level of approximately 500,000 cubic meters per day. Due to the insufficient raw gas supply, the average daily production was only around 260,000 m³ for the year.

NATURAL GAS EXPLORATION AND EXTRACTION

As at 31 December 2024, the Group has completed the ground work and drilling of 229 CBM wells, among which 170 wells were in production. The operating wells with stable production since they had been put in operation.

MARKETING AND SALES

During 2024, the marketing and sales systems did not change significantly and the personnel structure and sales strategies basically remained the same.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024, the Group had net assets of approximately RMB123,052,000, including cash and bank balances of approximately RMB48,484,000. 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 approximately 20.98% as at 31 December 2024 (2023: 11.78%).

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, 2024, the employees of the Group totaled 246, among which 20 were R&D staff and 128 were project and customer service staff; 93 were administration staff and 5 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 RMB26,001,000 (2023: approximately RMB25,612,000). 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 2024, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

OUTLOOK

To carry through the Group's spirit of advancement by innovation, in 2016, the Group commenced the research and development (R&D) on C-H to Synthesis of natural gas production (temporarily named as ultra-high-temperature steam-induced coal mineral transformation and evolution technology, previously known as the "High temperature-water of Activate C-H to Synthesis of natural-gas technology"), and entered the commercialized design and scaling phase in the second half of 2019. As a result of the pandemic between February 2020 and December 2022, however, our R&D scaling efforts progressed slower than anticipated, with the first pilot unit only undergoing pilot operations in June 2021. Based on the pilot results, we proposed an improved design in November 2021. Due to constraints on importing high-temperature-resistant special steel from overseas, the Group completed a small-scale pilot unit using domestically produced heat-resistant steel in June 2024. By the end of 2024, the pilot operations of the small-scale pilot unit revealed that domestically produced heat-resistant steel consistently failed to achieve stable long-term operation at 1,100°C. In January 2025, the Group shifted its technological research focus to reducing reaction temperatures and has since achieved a basic operating environment of 1,000°C. Currently, the small-scale pilot unit remains under construction. Once the small-scale pilot unit is completed, the Group will promptly conduct advanced demonstration trials overseas (including but not limited to Hong Kong) and invite international experts to evaluate the Technology. As the Technology matures, besides the supply of feed gas to the Group's liquefied natural gas projects, the Group will utilize the Technology to collect fees from customers (including natural gas liquefaction plants, city gas companies, and other industrial users) and market raw materials related to such technology.

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

As the thermal extraction technology matures, it will lead to a stable increase in upstream wellhead production and gas output. The successful development of this technology will ensure a stable gas supply for the Group's liquefied natural gas plants, reducing the impact of external factors and operational risks that are beyond the Group's control. This will enable the liquefied natural gas plants to achieve full production capacity and realize their intended commercial value. Furthermore, both the Technology and the thermal extraction technology are expected to become new drivers for the profitability of the Group.

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

As at 31 December 2024, 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	299,028,739 (Note 2)	76.59%
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:

- As at 31 December 2024, 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 2024, Mr. Wang Zhong Sheng held 299,028,739 long positions in shares and underlying shares, which are (i) a beneficial owner of 288,661,440 shares of the Company and (ii) a holder of convertible bonds convertible to 10,367,299 conversion shares, which has become matured on 16 January 2025.
3. As at 31 December 2024, Mr. Chang Jian is interested as a beneficial owner of 2,500,000 shares of the Company.
4. As at 31 December 2024, Mr. Wang Chen is interested as a beneficial owner of 250,000 shares of the Company.
5. As at 31 December 2024, Mr. Leung Chi Ho is interested as a beneficial owner of 800,000 shares of the Company.
6. As at 31 December 2024, Ms. Li Siliang is interested as a beneficial owner of 487,500 shares of the Company.

Save as disclosed above, as at 31 December 2024, 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 2024, 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>)	301,293,551	Interest of spouse	77.17%

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 2024, 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

Pursuant to the ordinary resolution passed by the Shareholders on 18 May 2011, the Company adopted the Previous Share Option Scheme. Under the Previous Share Option Scheme, the Board may offer options to the eligible persons prescribed in the Previous Share Option Scheme in its discretion. The Company had granted 32,119,074 options under the Previous Share Option Scheme to subscribe for an aggregate of 32,119,074 Shares, of which no options had been exercised and all the 32,119,074 options have been lapsed, resulting in no options remained outstanding. The Previous Share Option Scheme has expired on 18 May 2021.

Pursuant to an ordinary resolution passed on 28 March 2022, the Company's new share option scheme (the "New Share Option Scheme") was adopted which will remain in force for a period of 10 years from adoption of the New Share Option Scheme and will expire on 27 March 2032.

For details of the New Share Option Scheme, please refer to the circular of the Company dated 10 March 2022.

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 2024 is approximately 8 years. The number of options available for grant under the scheme mandate of the New Share Option Scheme as at 31 December 2024 was zero shares (31 December 2023: 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 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.

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 2024 and as at the date of this results 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 2023	Transfer	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 December 2023	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
<i>Non-executive Director</i>									
Ms. Li Siliang	-	487,500	-	-	-	487,500	13/10/2022	13/10/2022– 12/10/2032	0.456
	-	1,287,500	-	-	-	1,287,500			
Employees	8,990,003	(1,287,500)	-	-	-	7,702,503	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>-</u>	<u>10,865,003</u>			

Notes:

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

	Number of options	Vesting conditions	Contractual life of options
Options granted:			
7 April 2022	1,875,000	Vest immediately	10 years
13 October 2022	24,100,003	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 2024	0.456	10,865,003
Granted during the year	–	–
Outstanding as at 31 December 2024	0.456	10,865,003
Exercisable as at 31 December 2024	0.456	10,865,003

The options outstanding as at 31 December 2024 had an exercise price of HK\$0.456 and a weighted average remaining contractual life of approximately 8 years.

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

During the year ended 31 December 2024, 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. As at 31 December 2024, outstanding convertible bonds convertible to 10,367,299 conversion shares. Those outstanding convertible bonds were matured on 16 January 2025, no conversion of such convertible bonds were executed.

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 2024 and 2023.

CAPITAL COMMITMENT

As at 31 December 2024 and 2023, the Group had capital commitments contracted for acquisition of property, plant and equipment (including construction in progress) amounting to approximately RMB15,636,000 and RMB10,809,000 respectively.

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

During the year ended 31 December 2024, 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 2024, the audit committee has held four meetings. The Group's result for the year ended 31 December 2024 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 2024 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 2024. 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 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2024 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 14 August 2013 to include the review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duty.

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 2024.

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, 26 March 2025

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Wang Chen, Mr. Chang Jian, 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.