



**中國地熱能產業發展集團有限公司**  
**CHINA GEOTHERMAL INDUSTRY DEVELOPMENT GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8128)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

**CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED  
(THE “STOCK EXCHANGE”)**

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*This announcement, for which the directors of China Geothermal Industry Development Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) 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.*

## HIGHLIGHTS

Revenue for the three months ended 31 March 2020 (the “Review Period”) amounted to approximately HK\$44,940,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK\$18,797,000.

No dividend was declared for the Review Period.

## FINANCIAL REVIEW

The following table provides a brief summary of the financial results of China Geothermal Industry Development Group Limited (the “Company”) and its subsidiaries (collectively the “Group”). For more detailed information, please refer to the unaudited consolidated financial statements for the Review Period and for the three months ended 31 March 2019.

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue		
– Shallow geothermal energy utilisation system	<b>41,272</b>	64,806
– Air conditioning/shallow geothermal heat pump	–	211
– Properties investment and development	<b>3,668</b>	3,872
	<b><u>44,940</u></b>	<u>68,889</u>
Loss for the period	<b><u>(18,797)</u></b>	<u>(19,549)</u>
Loss attributable to owners of the parent	<b><u>(18,152)</u></b>	<u>(19,493)</u>

During the Review Period, the Group's revenue amounted to approximately HK\$44,940,000 which was mainly contributed by shallow geothermal energy utilisation business as compared with that of approximately HK\$68,889,000 for the corresponding period last year. The revenue decreased by approximately HK\$23,949,000 as compared with that of corresponding period last year. The decrease in revenue of the shallow geothermal energy utilisation system was mainly attributable to: (i) due to the outbreak of the coronavirus pneumonia (COVID-19) in the earlier 2020, the Company's staffs cannot all resume to their duty normally after the Spring Festival holiday, which caused certain projects cannot be set off as budgeted; (ii) the sales representatives also were not able to travel at own will as planned, this inevitably delayed the business negotiations; as a result, some contracts are therefore postponed. The Group's gross profit margin however increased from 14.2% in last corresponding period to 18.4% in the current period. The increase in gross profit margin of the Group was mainly due to the fact that the actual completion cost of some of the closing projects in this quarter was lower than the budgeted cost. The Group's gross profit margin therefore increased during the period.

Other income and gains decreased from approximately HK\$11,270,000 in the corresponding period last year to approximately HK\$6,065,000 for the three months ended 31 March 2020. This was mainly attributable to the adjustment regarding the waiver of the account payables in the last comparable period.

Selling and distribution expenses amounted to approximately HK\$7,888,000 and HK\$6,638,000 for the three months ended 31 March 2020 and 2019 respectively. The selling and distribution expenses increased in the Review Period as compared with the corresponding period last year was mainly attributable to the hiring some temporary local agents to work during the period of epidemic resulting in an increase in labour costs.

During the Review Period, administrative expenses increased by approximately HK\$21,000 which was in line with that of three months ended 31 March 2019.

Finance costs amounted to approximately HK\$5,855,000 for the three months ended 31 March 2020 as compared with approximately HK\$11,588,000 for last corresponding period. The main reason for the drop of financing costs was the reduction of guarantee costs.

For the three months ended 31 March 2020, the loss for the period was approximately HK\$18,797,000, versus approximately HK\$19,549,000 for the corresponding period in last year.

## **BUSINESS REVIEW AND OUTLOOK**

Year 2020 is a very challenging year for the world. Due to the outbreak of novel coronavirus pneumonia in early 2020, the epidemic has severely affected the economic activities of different regions. Various epidemic prevention measures has been implemented, including the restrictions on travel and social gathering as well as city and customs lockdown in most parts of China since the end of January 2020 which has seriously affected the Company's daily operations in the first quarter. The Company's employees could not return to work normally after the Spring Festival holidays resulting in some projects not being carried out as scheduled. All sales staff could not travel freely which has affected the business negotiation and other work which at all has a negative impact on our business performance in the first and second quarters. The Group's revenue decreased by approximately 35% for the first quarter as compared with that of the same period in 2019. In particular, most of the engineering projects cannot be processed as expected due to restrictions imposed by various epidemic prevention measures.

During the epidemic period, the Company has been on guard and prepared and initiated HYH 2020 quarterly "Double Assurance for the Epidemic". In the first quarter, we assure epidemic prevention and safety for the employees, and we assure operation of heating. In the second quarter, we assure epidemic prevention and safety for the employees, and we assure resumption of normal operation for businesses and vigorous development of alternative heating energy market. In the third quarter, we assure epidemic prevention and safety for the employees, and we assure operation of cooling in the summer and operation of businesses is normal. In the fourth quarter, we assure epidemic prevention and safety for the employees, and we assure completion of heating projects are on time to ensure normal operation of heating in the new heating season.

In addition to attaching great importance to the health and safety of the employees and customers of the Group, the Company also needs to bear the responsibility of guarantee the people's heating and warming. The Group has formulated strict anti-epidemic prevention and control measures for the Company's daily operations, including limit flow of people in the Company, staff reporting duty on rotation, temperature measurement confirmation, strengthening disinfection and cleaning, strict compliance with the government's quarantine requirement for entry from abroad, and recording staff's travelling information upon their return after the Spring Festival holiday with an aim to ensure all staff can work in a healthy and safe environment. Up to now, the Group has no infected cases. During the epidemic period, the citizens mostly stay at home due to offices and schools' closures while weather in the northern regions from January to March was still cold, fulfillment of the task of guarantee warming and heating for public is important, particularly for the elderly, weak and pregnant groups. The Company has formulated a heating guarantee system of "Three Steps for Customer Service and Maintenance" which established a 24-hour comprehensive service center to report in real time, register maintenance tasks, consolidate maintenance follow-up plans and liaising arrangements through network tools such as HYH cloud platform and WeChat. In order to achieving the dispatch of the maintenance task to the maintenance team within 2 hours and supervising the maintenance team to complete the maintenance task in a timely and effective manner, so as to ensure a normal and comfortable home life for the public and help everyone fight against the epidemic.

Affected by the epidemic, the business in the first quarter was inevitably postponed. Our task in the second quarter is to assure epidemic prevention and safety for the employees and assure resumption of normal operation for businesses and vigorous development of alternative heating energy market. We will continue to implement anti-epidemic prevention and control measures, at the same time, we will formulate work plans to develop the Company's business, hoping to complete the affected work for the first quarter as soon as possible. While ensuring the safety of employees and compliance with government regulations, we will try our utmost to meet the business target this year.

### ***The Disposal***

On 29 March 2020, Beijing Sibolian General Mechanical New Technology Company\* (北京市四博連通用機械新技術公司) ("Sibolian"), as purchaser, and Ever Source Science and Technology Development Group Ltd.\* (恒有源科技發展集團有限公司) ("HYY"), a wholly owned subsidiary of the Company and as vendor, entered into the property usage right transfer agreement, pursuant to which, HYY agreed to sell, and Sibolian agreed to purchase, the property usage right at the consideration of RMB114,407,000. The Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules. Details of the Disposal are set out in the announcement of the Company dated 29 March 2020.

## FINANCIAL RESULTS

The Board of Directors (the “Board”) of China Geothermal Industry Development Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2020 together with the unaudited comparative figures for the corresponding period in 2019 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

*For the three months ended 31 March 2020*

	Notes	Three months ended	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	44,940	68,889
Cost of sales		<u>(36,680)</u>	<u>(59,088)</u>
Gross profit		8,260	9,801
Other income and gains	4	6,065	11,270
Selling and distribution expenses		(7,888)	(6,638)
Administrative expenses		(24,999)	(24,978)
Finance costs	5	(5,855)	(11,588)
Reversal of impairment losses on trade and bills receivables		3,388	4,521
Reversal of impairment losses on contract assets		6,799	–
Share of profits and losses of:			
A joint venture		–	(300)
Associates		<u>(4,526)</u>	<u>(861)</u>
Loss before tax	6	(18,756)	(18,773)
Income tax expense	7	<u>(41)</u>	<u>(776)</u>
Loss for the period		<u>(18,797)</u>	<u>(19,549)</u>
Attributable to:			
Owners of the parent		(18,152)	(19,493)
Non-controlling interests		<u>(645)</u>	<u>(56)</u>
		<u>(18,797)</u>	<u>(19,549)</u>

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	2019
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period	<u>(18,797)</u>	<u>(19,549)</u>
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(34,918)	16,317
Share of other comprehensive income of a joint venture	–	1
Share of other comprehensive (loss)/income of associates	<u>(83)</u>	<u>3</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(35,001)</u>	<u>16,321</u>
Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>–</u>	<u>3</u>
Net other comprehensive income that will not to be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>3</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(35,001)</u>	<u>16,324</u>
Total comprehensive loss for the period	<u><u>(53,798)</u></u>	<u><u>(3,225)</u></u>
Attributable to:		
Owners of the parent	(52,410)	(4,157)
Non-controlling interests	<u>(1,388)</u>	<u>932</u>
	<u><u>(53,798)</u></u>	<u><u>(3,225)</u></u>
Loss per share attributable to ordinary equity holders of the parent	9	
Basic and diluted (expressed in HK cents)	<u><u>(0.401)</u></u>	<u><u>(0.484)</u></u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months ended 31 March 2020*

### **1. GENERAL**

China Geothermal Industry Development Group Limited (the “Company”) was incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal place of business of the Company are P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and 8/F, Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong respectively.

During the period, the Group was involved in the following principal activities:

- Provision, installation and maintenance of shallow geothermal energy utilisation system
- Trading of air conditioning heat pump products
- Investment in properties for their potential rental income
- Trading of securities and other types of investments

### **2. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies adopted in the preparation of the financial statements are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 2019.

The Group has adopted new and amended standards and interpretations of HKFRSs which are mandatory for the accounting periods beginning on or after 1 January 2020 and relevant to its operations. The adoption of such new and amended standards and interpretations does not have material impact on the condensed consolidated first quarterly financial information and does not result in substantial changes to the Group’s accounting policies.

The Group has not applied the new HKFRSs that have been issued but are not yet effective but is in the process of assessing their impact on the results of operation and financial position of the Group.

The condensed consolidated accounts have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.



## **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the period ended 31 March 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 3. REVENUE

Set out below is the disaggregation of the Group's revenue.

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of goods or service</b>		
Sale, installation and maintenance of shallow geothermal energy utilisation system	<b>41,272</b>	64,806
Sale of air conditioning/shallow geothermal heat pump products	<b>–</b>	211
Rental income	<b>3,668</b>	3,872
<b>Total revenue</b>	<b>44,940</b>	68,889
<b>Geographical markets</b>		
The PRC	<b>44,940</b>	68,889
<b>Total revenue</b>	<b>44,940</b>	68,889
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>–</b>	211
Services transferred over time	<b>41,272</b>	64,806
<b>Total revenue from contracts with customers</b>	<b>41,272</b>	65,017
Rental income	<b>3,668</b>	3,872
<b>Total revenue</b>	<b>44,940</b>	68,889

#### 4. OTHER INCOME AND GAINS

Other income and gains is as follows:

	Three months ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	66	509
Sale of scrap materials	–	119
Government grants	–	12
Others	5,999	10,630
	<u>6,065</u>	<u>11,270</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans, overdraft and other loans	5,855	9,249
Guarantee fee on bank loans	–	2,339
	<u>5,855</u>	<u>11,588</u>

## 6. (LOSS) BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of sales	36,680	59,088
Depreciation – Property, plant of equipment	2,255	3,345
Depreciation – Right-of-use assets	1,232	–
Minimum lease payments under operating leases	–	931
Employee benefit expense (including directors' and chief executive's remuneration)	13,836	16,585

## 7. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax	41	776

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 March 2020 (2019: Nil).

PRC enterprise income tax has been provided at the relevant tax rate of the net assessable profits attributable to the Group's operations in the PRC during the three months ended 31 March 2020.

## 8. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend payment of any dividend for the three months ended 31 March 2020 (2019: nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss per share based on:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss</b>		
Loss for the period attributable to ordinary equity holders of the parent	<u><b>(18,152)</b></u>	<u><b>(19,493)</b></u>
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u><b>4,526,925</b></u>	<u><b>4,026,925</b></u>

*Note:* The calculation of diluted loss per share for the three months ended 31 March 2020 and 2019 does not assume the exercise of share options because the exercise price of the Company's outstanding share options was higher than the average market price of shares for the three months ended 31 March 2020 and 2019.

## 10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2020

	Attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Assets revaluation reserve	Contributed surplus	Special reserve	Capital reserve	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note a)	(Note b)		(Note c)	(Note d)	(Note e)						
At 1 January 2019 (audited)	313,793	904,470	2,935	48,358	154,381	2,975	13,449	49,117	(25,570)	(412,514)	1,051,394	33,468	1,084,862
Loss for the period	-	-	-	-	-	-	-	-	-	(19,493)	(19,493)	(56)	(19,549)
Other comprehensive income for the period:													
Changes in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-	3	-	-	-	3	-	3
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	15,329	-	15,329	988	16,317
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	-	1	-	1	-	1
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	3	-	3	-	3
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	3	-	15,333	(19,493)	(4,157)	932	(3,225)
At 31 March 2019 (unaudited)	<u>313,793</u>	<u>904,470</u>	<u>2,935</u>	<u>48,358</u>	<u>154,381</u>	<u>2,975</u>	<u>13,452</u>	<u>49,117</u>	<u>(10,237)</u>	<u>(432,007)</u>	<u>1,047,237</u>	<u>34,400</u>	<u>1,081,637</u>
	Attributable to owners of the parent												
	Share capital	Share premium	Statutory reserve	Assets revaluation reserve	Contributed surplus	Special reserve	Capital reserve	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	353,043	904,845	2,935	42,616	154,381	7,553	17,876	49,117	(42,747)	(853,553)	636,066	28,039	664,105
Loss for the period	-	-	-	-	-	-	-	-	-	(18,152)	(18,152)	(645)	(18,797)
Other comprehensive loss for the period:													
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	(35,561)	-	(35,561)	(743)	(36,304)
Share of other comprehensive income/(loss) of a joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss of associate	-	-	-	-	-	-	-	-	(83)	-	(83)	-	(83)
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(35,644)	(18,152)	(53,796)	(1,388)	(55,184)
At 31 March 2020 (unaudited)	<u>353,043</u>	<u>904,845</u>	<u>2,935</u>	<u>42,616</u>	<u>154,381</u>	<u>7,553</u>	<u>17,876</u>	<u>49,117</u>	<u>(78,391)</u>	<u>(871,705)</u>	<u>582,270</u>	<u>26,651</u>	<u>608,921</u>

*Notes:*

(a) Share Premium

The share premium of the Group includes (i) the excess of the issue price over the nominal value of the Company's shares issued at a premium and (ii) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Group's reorganisation scheme in preparation for the public listing of the Company's shares on the GEM of The Stock Exchange of Hong Kong Limited (the "Reorganisation") in 2001 over the nominal value of the share capital of the Company issued in exchange therefore.

(b) Statutory reserve

In accordance with the relevant People's Republic of China (the "PRC") regulations and joint venture agreements, the sino-foreign joint ventures established in the PRC shall set aside a portion of their respective profit after tax, if any, to the statutory reserve. Such amount will be determined at the discretion of the board of directors of the respective entity.

(c) Contributed surplus

Contributed surplus represents the cancellation of the paid-up capital and set off against the accumulated losses in prior years.

(d) Special reserve

Special reserve represents the reserve arising from acquisition of additional interests.

(e) Capital reserve

Capital reserve represents the deemed contribution from a substantial shareholder arising from the waiver of the convertible notes in prior years.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2020, the interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will be 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 and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### (a) Long Positions and Short Positions in Shares and Equity Derivatives

Name of director	Capacity	Number of issued ordinary shares of US\$0.01 each in the Company held and the capacity		Approximate percentage of interests in shares	Interests under equity derivatives	Aggregate interests	Approximate percentage of the aggregate interests
		Interests in shares					
Mr. Xu Shengheng (Note 1)	Beneficial owner	711,646,600 (L)		15.72%	37,725,148 (L)	750,354,548 (L)	16.58%
	Interest of spouse	982,800 (L)		0.02%	-		
Ms. Chan Wai Kay Katherine (Note 2)	Beneficial owner	58,290,400 (L)		1.29%	43,788,119 (L)	116,182,119 (L)	2.57%
	Interest of spouse	14,103,600 (L)		0.31%	-		
Mr. Wang Manquan (Note 3)	Beneficial owner	716,800 (L)		0.02%	30,314,851 (L)	31,031,651 (L)	0.69%
Mr. Jia Wenzeng (Note 4)	Beneficial owner	-		-	4,827,920 (L)	4,827,920 (L)	0.11%
Mr. Wu Desheng (Note 5)	Beneficial owner	-		-	3,143,762 (L)	3,143,762 (L)	0.07%
Mr. Wang Michael Zhiyu (Note 6)	Interest of spouse	250,000,000 (L)		5.52%	-	250,000,000 (L)	5.52%
Ms. Liu Ening (Note 6)	Beneficial owner	250,000,000 (L)		5.52%	-	250,000,000 (L)	5.52%
Mr. Zhang Yiyi (Note 7)	Beneficial owner	504,000 (L)		0.01%	-	250,504,000 (L)	5.53%
	Interest of controlled corporation	250,000,000 (L)		5.52%	-		

(L): Long position, (S): Short position



*Notes:*

1. Mr. Xu Shengheng (“Mr. Xu”) is interested in 711,646,600 Shares (the “Shares”) of the Company and 37,725,148 Shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section. Ms. Luk Hoi Man (“Ms. Luk”), the spouse of Mr. Xu, holds 982,800 Shares. Therefore, under the SFO, Mr. Xu is deemed to be interested in 982,800 Shares in which Ms. Luk is interested.
2. Ms. Chan Wai Kay Katherine (“Ms. Chan”) is interested in 58,290,400 shares and 43,788,119 Shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section. Mr. Chow Ming Joe Raymond (“Mr. Chow”), spouse of Ms. Chan, holds 14,103,600 Shares. Under the SFO, Ms. Chan is deemed to be interested in 14,103,600 Shares in which Mr. Chow is interested.
3. Mr. Wang Manquan is interested 716,800 Shares and 30,314,851 Shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section.
4. Mr. Jia Wenzeng is interested in 4,827,920 Shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section.
5. Mr. Wu Desheng is interested in 3,143,762 Shares issuable pursuant to exercise of share options of the Company, details of such share options can be referred to part (b) of this section.
6. Ms. Liu Ening (“Ms. Liu”), the spouse of Mr. Wang Michael Zhiyu (“Mr. Wang”), holds 250,000,000 Shares. Therefore, under the SFO, Mr. Wang is deemed to be interested in 250,000,000 Shares in which Ms. Liu is interested.
7. Mr. Zhang Yiying (“Mr. Zhang”) is interested in 504,000 Shares and through Universal Zone Limited, which is wholly owned by Mr. Zhang, holds 250,000,000 Shares. Therefore, under the SFO, Mr. Zhang is deemed to be interested in 250,000,000 Shares.

**(b) Long Positions under Equity Derivatives**

*The Share Option Plan*

On 28 July 2010, the Company, by a shareholders’ resolution, conditionally adopted a new share option scheme (the “Share Option Plan”) for a period of ten years from the date on which the Share Option Plan became unconditional. On 7 August 2010, the Share Option Plan became unconditional and effective. Pursuant to the Share Option Plan, the board of directors was authorised, at its absolute discretion, to grant options to eligible participants, including directors of the Company or any of its subsidiaries, as defined in accordance with the terms of the Share Option Plan, to subscribe for shares in the Company under the terms of the Share Option Plan. As at 31 March 2020, the following directors and chief executive of the Company were interested in the following options under the Share Option Plan:

Name of director	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options outstanding as at 31 March 2020
Mr. Xu Shengheng	9 September 2010	9 September 2010 to 8 September 2020	0.379	13,024,158
	8 December 2016	8 December 2016 to 31 December 2020	0.267	24,700,990
Ms. Chan Wai Kay Katherine	9 September 2010	9 September 2010 to 8 September 2020	0.379	19,087,129
	8 December 2016	8 December 2016 to 31 December 2020	0.267	24,700,990
Mr. Wang Manquan	9 September 2010	9 September 2011 to 8 September 2020	0.379	1,871,288
		9 September 2012 to 8 September 2020	0.379	1,871,288
		9 September 2013 to 8 September 2020	0.379	1,871,285
	8 December 2016	8 December 2016 to 31 December 2020	0.267	24,700,990
Mr. Jia Wenzeng	9 September 2010	9 September 2010 to 8 September 2020	0.379	1,684,158
	8 December 2016	8 December 2016 to 31 December 2020	0.267	3,143,762
Mr. Wu Desheng	8 December 2016	8 December 2016 to 31 December 2020	0.267	3,143,762

Save as disclosed above, as at 31 March 2020, none of the directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be 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 and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## INTERESTS DISCLOSEABLE UNDER SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors of the Company, as at 31 March 2020, persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company 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 which were required pursuant to Section 336 of the SFO, to be entered into the register referred to therein, were as follows:

### Long Positions and Short Positions in Shares and Equity Derivatives

Name	Capacity	Number of issued ordinary shares of US\$0.01 each in the Company held and capacity		Percentage of interests in shares	Interests under equity derivatives	Aggregate interests	Percentage of aggregate interests
		Interest in shares					
China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited ( <i>Note 1</i> )	Beneficial owner	1,190,000,000 (L)		26.29%	-	1,190,000,000 (L)	26.29%
CECEP ( <i>Note 1</i> )	Interest of controlled corporation	1,190,000,000 (L)		26.29%	-	1,190,000,000 (L)	26.29%
Ms. Luk Hoi Man ( <i>Note 2</i> )	Beneficial owner	982,800 (L)		0.02%	-	750,354,548 (L)	16.58%
	Interest of spouse	711,646,600 (L)		15.72%	37,725,148 (L)		
Universal Zone Limited	Beneficial owner	250,000,000 (L)		5.52%	-	250,000,000 (L)	5.52%

(L): Long position, (S): Short position

Notes:

- China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited is a wholly-owned subsidiary of China Energy Conservation and Environmental Protection Group (“CECEP”), therefore, under the SFO, CECEP is deemed to be interested in 1,190,000,000 Shares.
- Ms. Luk Hoi Man (“Ms. Luk”), the spouse of Mr. Xu Shengheng (“Mr. Xu”), holds 982,800 Shares. Mr. Xu is interested in 711,646,600 Shares and 37,725,148 Shares issuable pursuant to exercise of share options of the Company. Therefore, under SFO, Ms. Luk is deemed to be interested in 711,646,600 Shares and 37,725,148 underlying shares issuable upon the exercise of the share options of the Company in which Mr. Xu is interested.

Save as disclosed above, as at 31 March 2020, the directors of the Company were not aware of any other person (other than directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company 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 which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein.

## OUTSTANDING SHARE OPTIONS

As at 31 March 2020, options to subscribe for an aggregate of 486,182,851 shares were outstanding (including the directors and chief executive of the Company as disclosed above). Details of which as at 31 March 2020 were as follows:

Name	Date of grant of share options	As at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	As at 31 March 2020	Vesting period of share options	Exercise period of share options	Exercise price per share HK\$
<b><u>Directors</u></b>									
Mr. Xu Shengheng	9 September 2010	13,024,158	-	-	-	13,024,158	-	9 September 2010 to 8 September 2020	0.379
	8 December 2016	24,700,990	-	-	-	24,700,990	-	8 December 2016 to 31 December 2020	0.267
Ms. Chan Wai Kay Katherine	9 September 2010	19,087,129	-	-	-	19,087,129	-	9 September 2010 to 8 September 2020	0.379
	8 December 2016	24,700,990	-	-	-	24,700,990	-	8 December 2016 to 31 December 2020	0.267
Mr. Wang Manquan	9 September 2010	1,871,288	-	-	-	1,871,288	9 September 2010 to 8 September 2011	9 September 2011 to 8 September 2020	0.379
	9 September 2010	1,871,288	-	-	-	1,871,288	9 September 2010 to 8 September 2012	9 September 2012 to 8 September 2020	0.379
	9 September 2010	1,871,285	-	-	-	1,871,285	9 September 2010 to 8 September 2013	9 September 2013 to 8 September 2020	0.379
	8 December 2016	24,700,990	-	-	-	24,700,990	-	8 December 2016 to 31 December 2020	0.267
Mr. Jia Wenzeng	9 September 2010	1,684,158	-	-	-	1,684,158	-	9 September 2010 to 8 September 2020	0.379
	8 December 2016	3,143,762	-	-	-	3,143,762	-	8 December 2016 to 31 December 2020	0.267
Mr. Wu Desheng	8 December 2016	3,143,762	-	-	-	3,143,762	-	8 December 2016 to 31 December 2020	0.267
<b><u>Employees</u></b>									
	9 September 2010	22,778,804	-	-	-	22,778,804	-	9 September 2010 to 8 September 2020	0.379
	9 September 2010	33,683,168	-	-	-	33,683,168	9 September 2010 to 8 September 2011	9 September 2011 to 8 September 2020	0.379
	9 September 2010	33,683,168	-	-	-	33,683,168	9 September 2010 to 8 September 2012	9 September 2012 to 8 September 2020	0.379
	9 September 2010	33,683,170	-	-	-	33,683,170	9 September 2010 to 8 September 2013	9 September 2013 to 8 September 2020	0.379
	8 December 2016	121,277,370	-	-	-	121,277,370	8 December 2016 to 7 December 2017	8 December 2017 to 31 December 2020	0.267
	8 December 2016	121,277,371	-	-	-	121,277,371	8 December 2016 to 7 December 2018	8 December 2018 to 31 December 2020	0.267
		<u>486,182,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,182,851</u>			

## **SHARE AWARD SCHEME**

On 15 January 2020 (the “Adoption Date”), the Company adopted the share award scheme (the “Share Award Scheme”) in which any employees, executive officer, directors or consultants of the Company and its subsidiaries will be entitled to participate. The purposes of the Share Award Scheme are to attract, retain and incentivize key employees, executive officers, directors and consultants of the Company and its subsidiaries for the continual operations and development the Group. The Share Award Scheme will remain in force for a period of 10 years commencing on its Adoption Date.

The maximum number of award shares which may be awarded under the Share Award Scheme shall be 135,000,000 Shares, representing approximately 2.98% of the total number of issued shares of the Company as at the Adoption Date. The maximum number of shares which may be awarded to a selected participant shall not exceed 1% of the total number of issued shares of the Company as at the Adoption Date.

Details of the Share Award Scheme are set out in the announcement of the Company dated 15 January 2020.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee’s primary duties are to review and to supervise the financial reporting process, risk management and internal control systems of the Group and to provide advice and comments to the directors of the Company.

The audit committee currently comprises five independent non-executive Directors, namely, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and Mr. Guan Chenghua. Mr. Jia Wenzeng is the chairman of the audit committee. The audit committee has reviewed the Group’s unaudited results for the Review Period and has provided advice and comment thereon.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has not adopted its own code of conduct regarding securities transactions by directors, but having made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and its code of conduct regarding securities transactions by directors during the Review Period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the Review Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

As at the date of this announcement, the Board comprises, Mr. Xu Shengheng, Ms. Wang Yan, Ms. Chan Wai Kay, Katherine, Mr. Wang Manquan, Mr. Zang Yiran and Mr. Dai Qi as executive Directors, Mr. Yang Wei, Mr. Zhang Yiyang and Mr. Wang Michael Zhiyu (Ms. Liu Ening being his alternate Director) as non-executive Directors, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and Guan Chenghua as independent non-executive Directors.

By Order of the Board of  
**China Geothermal Industry Development Group Limited**  
**Xu Shengheng**  
*Joint Chairman & Executive Director*

Hong Kong, 12 May 2020

*This announcement will remain on the GEM website with the domain name of [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcement" page for at least 7 days from the date of publication and on the website of the Company at [www.cgsenergy.com.hk](http://www.cgsenergy.com.hk).*