



**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)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

*This announcement, for which the directors of the 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.*

*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 China Geothermal Industry Development Group Limited at [www.cgsenergy.com.hk](http://www.cgsenergy.com.hk).*

## FINAL RESULTS

The board of directors (“Directors”) of China Geothermal Industry Development Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$'000	2019 HK\$'000
REVENUE	4	230,862	345,537
Cost of sales		<u>(184,728)</u>	<u>(261,559)</u>
Gross profit		46,134	83,978
Other income and gains	4	78,992	14,017
Selling and distribution expenses		(6,843)	(12,505)
Administrative expenses		(89,639)	(101,696)
Impairment losses on trade and bills receivables, net		(15,388)	(6,612)
Impairment losses on prepayments, other receivables and other assets, net		(10,384)	(54,814)
Impairment losses on contract assets, net		(8,958)	(23,505)
Finance costs	5	(24,343)	(39,309)
Fair value changes on investment properties		(32,570)	4,222
Other expenses		(166,722)	(267,360)
Share of profits and losses of:			
A joint venture		–	(6,105)
Associates		(5,907)	2,845
Share-based payment expenses		<u>(4,620)</u>	<u>–</u>
LOSS BEFORE TAX	6	(240,248)	(406,844)
Income tax expense	7	<u>(3,192)</u>	<u>(38,179)</u>
LOSS FOR THE YEAR		<u><u>(243,440)</u></u>	<u><u>(445,023)</u></u>
<b>Attributable to:</b>			
Owners of the parent		(242,399)	(441,039)
Non-controlling interests		<u>(1,041)</u>	<u>(3,984)</u>
		<u><u>(243,440)</u></u>	<u><u>(445,023)</u></u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	9		
Basic and diluted (expressed in HK cents)		<u><u>(5.46)</u></u>	<u><u>(10.59)</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(243,440)</u>	<u>(445,023)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	26,842	(16,630)
Share of other comprehensive loss of a joint venture	–	(57)
Share of other comprehensive income/(loss) of associates	<u>3,037</u>	<u>(1,127)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>29,879</u>	<u>(17,814)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Loss on property revaluation	(3,316)	(5,742)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	44,590	5,712
Income tax effect	<u>(11,588)</u>	<u>(1,285)</u>
	<u>33,002</u>	<u>4,427</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>29,686</u>	<u>(1,315)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<b>FOR THE YEAR, NET OF TAX</b>	<u>59,565</u>	<u>(19,129)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u><u>(183,875)</u></u>	<u><u>(464,152)</u></u>
Attributable to:		
Owners of the parent	(184,582)	(459,531)
Non-controlling interests	<u>707</u>	<u>(4,621)</u>
	<u><u>(183,875)</u></u>	<u><u>(464,152)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		213,359	301,502
Investment properties		134,743	677,933
Right-of-use assets		1,050	2,579
Deposits paid for acquisitions of land use rights		17,823	27,221
Other intangible assets		293	–
Investments in associates		49,547	51,542
Equity investments designated at fair value through other comprehensive income		60,577	239,406
Deferred tax assets		–	4,990
Contract assets		20,213	18,794
Trade receivables	<i>10</i>	<u>139,102</u>	<u>57,029</u>
<b>Total non-current assets</b>		<u>636,707</u>	<u>1,380,996</u>
<b>CURRENT ASSETS</b>			
Inventories		24,733	28,996
Properties held for sale		342,652	88,796
Trade and bills receivables	<i>10</i>	58,743	53,401
Prepayments, other receivables and other assets		225,075	172,278
Contract assets		122,504	167,897
Amounts due from related companies		551	517
Equity investments designated at fair value through other comprehensive income		238,831	–
Financial assets at fair value through profit or loss		34	48
Restricted cash		7,326	5,636
Time deposits		233	232
Cash and cash equivalents		<u>63,172</u>	<u>56,871</u>
<b>Total current assets</b>		<u>1,083,854</u>	<u>574,672</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	279,912	309,476
Other payables and accruals		430,934	189,840
Contract liabilities		51,225	43,807
Amounts due to associates		17,891	21,293
Amounts due to related companies		30,341	479,184
Interest-bearing bank borrowings		100,998	6,140
Lease liabilities		5,889	1,648
Tax payable		<u>189,263</u>	<u>148,074</u>
<b>Total current liabilities</b>		<u>1,106,453</u>	<u>1,199,462</u>
<b>NET CURRENT LIABILITIES</b>		<u>(22,599)</u>	<u>(624,790)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>614,108</u>	<u>756,206</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

31 DECEMBER 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>614,108</u></b>	<b><u>756,206</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	–	8,542
Lease liabilities	<b>89,590</b>	511
Deferred income	<b>9,506</b>	8,931
Deferred tax liabilities	<b><u>37,838</u></b>	<u>74,117</u>
<b>Total non-current liabilities</b>	<b><u>136,934</u></b>	<u>92,101</u>
<b>Net assets</b>	<b><u><u>477,174</u></u></b>	<b><u><u>664,105</u></u></b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>353,043</b>	353,043
Shares held for Share Award Scheme	<b>(7,676)</b>	–
Other reserves	<b><u>103,061</u></b>	<u>283,023</u>
	<b>448,428</b>	636,066
Non-controlling interests	<b><u>28,746</u></b>	<u>28,039</u>
<b>Total equity</b>	<b><u><u>477,174</u></u></b>	<b><u><u>664,105</u></u></b>

## NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2020

### 1. CORPORATE AND GROUP INFORMATION

China Geothermal Industry Development Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on 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 disclosed in the “Corporate Information” section in the annual report.

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

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

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the “HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, leasehold land and buildings classified as property, plant and equipment, and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going concern basis

During the year ended 31 December 2020, the Group incurred a consolidated net loss of HK\$243,440,000 and had consolidated accumulated losses of HK\$1,046,835,000. As at 31 December 2020, the Group had net current liabilities of HK\$22,599,000.

In view of the net current liabilities position, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

On 7 March 2019, the Company entered into the financial services agreement with China Energy Finance Company Limited (“Finance Company”), whereby Finance Company agreed to provide the deposit services, the settlement services, the loan and guarantee services and the other financial services to the Group for the period from 7 March 2019 to 31 December 2021. Finance Company would provide the loan and guarantee services to the member(s) of the Group in an aggregate amount of RMB1,000,000,000.

## 2.1 BASIS OF PREPARATION (CONTINUED)

The directors have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2020 on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.



## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>3, 6</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3, 5</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>6</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

## **2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)**

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Shallow geothermal energy segment – provision, installation and maintenance of shallow geothermal energy utilisation systems;
- (b) Air conditioning/shallow geothermal heat pump segment – trading of air conditioning/shallow geothermal heat pump products;
- (c) Property investment and development segment – investments in properties for their potential rental income; and
- (d) Securities investment and trading segment – trading of securities and other types of investment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that share of profits and losses of associates and a joint venture, interest income, certain other income, certain administration costs, share-based payment expenses and non-lease-related finance costs are excluded from such measurement.

Segment assets exclude certain investments in associates, deferred tax assets, time deposits, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude certain amounts due to associates and related companies, interest-bearing bank borrowings, deferred tax liabilities and tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020

	Shallow geothermal energy <i>HK\$'000</i>	Air conditioning/ shallow geothermal heat pump <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Securities investment and trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 4):</b>					
Sales to external customers	174,832	47,897	8,133	–	230,862
Intersegment sales	–	12,993	–	–	12,993
	174,832	60,890	8,133	–	243,855
<i>Reconciliation:</i>					
Elimination of intersegment sales					(12,993)
Revenue					<u>230,862</u>
<b>Segment results</b>	<b>(45,816)</b>	<b>(150)</b>	<b>(142,837)</b>	<b>(1,564)</b>	<b>(190,367)</b>
<i>Reconciliation:</i>					
Elimination of intersegment results					(980)
Share of profits and losses of associates					(5,907)
Unallocated other income					6,963
Corporate and other unallocated expenses					(29,179)
Finance costs (other than interest on lease liabilities)					(20,778)
Loss before tax					<u>(240,248)</u>
<b>Segment assets</b>	<b>788,265</b>	<b>52,225</b>	<b>588,438</b>	<b>300,152</b>	<b>1,729,080</b>
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(132,292)
Corporate and other unallocated assets					123,773
Total assets					<u>1,720,561</u>
<b>Segment liabilities</b>	<b>696,418</b>	<b>48,345</b>	<b>154,936</b>	<b>8,760</b>	<b>908,459</b>
<i>Reconciliation:</i>					
Elimination of intersegment payables					(132,292)
Corporate and other unallocated liabilities					467,220
Total liabilities					<u>1,243,387</u>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020

	Shallow geothermal energy HK\$'000	Air conditioning/ shallow geothermal heat pump HK\$'000	Property investment and development HK\$'000	Securities investment and trading HK\$'000	Total HK\$'000
<b>Other segment information:</b>					
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	12,716	425	1,855	22	15,018
Depreciation of right-of-use assets	2,252	-	-	-	2,252
Amortisation of other intangible assets	6	-	-	-	6
Impairment loss recognised in respect of trade and bills receivables, net	14,667	-	721	-	15,388
Impairment loss recognised in respect of prepayments, other receivables and other assets, net	6,654	-	3,730	-	10,384
Impairment loss recognised in respect of contract assets, net	8,786	-	172	-	8,958
Impairment of properties held for sale	-	-	139,009	-	139,009
Impairment of deposits paid for acquisition of land use rights	-	-	10,567	-	10,567
Changes in fair value of investment properties	-	-	32,570	-	32,570
Capital expenditure*	942	16	1,275	-	2,233
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Investments in associates	49,547	-	-	-	49,547
Share of profits and losses of associates	5,907	-	-	-	5,907

\* Capital expenditure consists of additions to property, plant and equipment, investment properties and other intangible assets.

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

	Shallow geothermal energy HK\$'000	Air conditioning/ shallow geothermal heat pump HK\$'000	Property investment and development HK\$'000	Securities investment and trading HK\$'000	Total HK\$'000
<b>Segment revenue (note 4):</b>					
Sales to external customers	246,672	92,485	6,380	–	345,537
Intersegment sales	–	19,922	–	–	19,922
	246,672	112,407	6,380	–	365,459
<i>Reconciliation:</i>					
Elimination of intersegment sales					(19,922)
Revenue					<u>345,537</u>
<b>Segment results</b>	(332,837)	2,597	1,478	(1,109)	(329,871)
<i>Reconciliation:</i>					
Elimination of intersegment results					(2,608)
Share of profits and losses of associates					2,845
Share of profits and losses of a joint venture					(6,105)
Unallocated other income					3,290
Corporate and other unallocated expenses					(35,374)
Finance costs (other than interest on lease liabilities)					(39,021)
Loss before tax					<u>(406,844)</u>
<b>Segment assets</b>	692,899	55,001	981,953	241,280	1,971,133
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(138,887)
Corporate and other unallocated assets					123,422
Total assets					<u>1,955,668</u>
<b>Segment liabilities</b>	475,034	56,875	156,381	11,542	699,832
<i>Reconciliation:</i>					
Elimination of intersegment payables					(138,887)
Corporate and other unallocated liabilities					730,618
Total liabilities					<u>1,291,563</u>

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

	Shallow geothermal energy HK\$'000	Air conditioning/ shallow geothermal heat pump HK\$'000	Property investment and development HK\$'000	Securities investment and trading HK\$'000	Total HK\$'000
<b>Other segment information:</b>					
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	13,672	625	1,853	22	16,172
Depreciation of right-of-use assets	4,005	–	–	–	4,005
Impairment loss recognised in respect of trade and bills receivables, net	6,456	(1)	157	–	6,612
Impairment loss recognised in respect of prepayments, other receivables and other assets, net	53,601	(41)	1,254	–	54,814
Impairment loss recognised in respect of contract assets, net	23,217	–	288	–	23,505
Impairment of goodwill	263,879	–	–	–	263,879
Changes in fair value of investment properties	–	–	(4,222)	–	(4,222)
Capital expenditure*	525	–	1,041	–	1,566
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Investments in associates	51,542	–	–	–	51,542
Share of profits and losses of associates	(2,845)	–	–	–	(2,845)
Share of profits and losses of a joint venture	6,105	–	–	–	6,105

\* Capital expenditure consists of additions to property, plant and equipment and investment properties.



## Geographical information

The Group's operations are mainly located in Mainland China. All of the Group's revenue from external customers are based on the locations at which the services were provided or the goods were delivered and all of the Group's non-current assets are located in Mainland China.

## Information about major customers

Information about revenue from major customers which individually accounted for 10.0% or more of the Group's revenue is shown in the following table:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	43,785	90,373
Customer B	<u>23,768</u>	<u>–</u>
	<u>67,553</u>	<u>90,373</u>
Total revenue	230,862	345,537
Proportion of revenue	<u>29.3%</u>	<u>26.2%</u>

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>	222,729	339,157
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	<u>8,133</u>	<u>6,380</u>
	<u>230,862</u>	<u>345,537</u>

## Revenue from contracts with customers

### (a) Disaggregated revenue information

For the year ended 31 December 2020

Segments	Shallow geothermal energy HK\$'000	Air conditioning/ shallow geothermal heat pump HK\$'000	Total HK\$'000
<b>Type of goods or services:</b>			
Sale of industrial products	–	47,897	47,897
Construction services	<u>174,832</u>	<u>–</u>	<u>174,832</u>
Total revenue from contracts with customers	<u><u>174,832</u></u>	<u><u>47,897</u></u>	<u><u>222,729</u></u>
<b>Geographical market:</b>			
Mainland China	<u>174,832</u>	<u>47,897</u>	<u>222,729</u>
<b>Timing of revenue recognition:</b>			
Goods transferred at a point in time	–	47,897	47,897
Services transferred over time	<u>174,832</u>	<u>–</u>	<u>174,832</u>
Total revenue from contracts with customers	<u><u>174,832</u></u>	<u><u>47,897</u></u>	<u><u>222,729</u></u>

For the year ended 31 December 2019

Segments	Shallow geothermal energy HK\$'000	Air conditioning/ shallow geothermal heat pump HK\$'000	Total HK\$'000
<b>Type of goods or services:</b>			
Sale of industrial products	–	92,485	92,485
Construction services	<u>246,672</u>	<u>–</u>	<u>246,672</u>
Total revenue from contracts with customers	<u><u>246,672</u></u>	<u><u>92,485</u></u>	<u><u>339,157</u></u>
<b>Geographical market:</b>			
Mainland China	<u>246,672</u>	<u>92,485</u>	<u>339,157</u>
<b>Timing of revenue recognition:</b>			
Goods transferred at a point in time	–	92,485	92,485
Services transferred over time	<u>246,672</u>	<u>–</u>	<u>246,672</u>
Total revenue from contracts with customers	<u><u>246,672</u></u>	<u><u>92,485</u></u>	<u><u>339,157</u></u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

**For the year ended 31 December 2020**

Segments	<b>Shallow geothermal energy HK\$'000</b>	<b>Air conditioning/ shallow geothermal heat pump HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue from contracts with customers:</b>			
External customers	174,832	47,897	222,729
Intersegment sales	–	12,993	12,993
	<u>174,832</u>	<u>60,890</u>	<u>235,722</u>
Intersegment adjustments and eliminations	–	(12,993)	(12,993)
	<u>174,832</u>	<u>47,897</u>	<u>222,729</u>
Total revenue from contracts with customers	<u><u>174,832</u></u>	<u><u>47,897</u></u>	<u><u>222,729</u></u>

For the year ended 31 December 2019

Segments	<b>Shallow geothermal energy HK\$'000</b>	<b>Air conditioning/ shallow geothermal heat pump HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue from contracts with customers:</b>			
External customers	246,672	92,485	339,157
Intersegment sales	–	19,922	19,922
	<u>246,672</u>	<u>112,407</u>	<u>359,079</u>
Intersegment adjustments and eliminations	–	(19,922)	(19,922)
	<u>246,672</u>	<u>92,485</u>	<u>339,157</u>
Total revenue from contracts with customers	<u><u>246,672</u></u>	<u><u>92,485</u></u>	<u><u>339,157</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction services	<u><b>25,051</b></u>	<u>25,549</u>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of industrial products*

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 90 days from delivery. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

*Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	<u><b>211,219</b></u>	<u>173,935</u>

All the amounts of transaction prices allocated to the performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Other income</b>		
Interest income	5,730	2,494
Sale of scrap materials	348	579
Government grants ( <i>note</i> )	1,829	2,007
Dividend income from equity investments at fair value through other comprehensive income	3,097	–
Income from exempted payables	3,981	7,216
Others	1,233	795
	<u>16,218</u>	<u>13,091</u>
<b>Gains</b>		
Gain on disposal of investment properties	42,635	–
Gain on disposal of a subsidiary	20,139	–
Gain on remeasurement of the investment in a joint venture	–	926
	<u>62,774</u>	<u>926</u>
	<u><u>78,992</u></u>	<u><u>14,017</u></u>

*Note:* Government grants have been received in respect of certain heating projects of the Group. There are no unfulfilled conditions or contingencies relating to these grants.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank loans and other loans	19,049	32,200
Interest on lease liabilities	3,565	288
Guarantee fee on bank and other borrowings	1,729	6,821
	<u>24,343</u>	<u>39,309</u>

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of inventories sold		<b>45,258</b>	86,961
Cost of services provided		<b>139,470</b>	174,598
Depreciation of property, plant and equipment		<b>15,018</b>	16,172
Depreciation of right-of-use assets		<b>2,252</b>	4,005
Amortisation of other intangible assets		<b>6</b>	–
Research and development costs		<b>5,562</b>	6,440
Impairment of goodwill*		–	263,879
Impairment of deposits paid for acquisition of land use rights*		<b>10,567</b>	–
Impairment of properties held for sale*		<b>139,009</b>	–
Lease payments not included in the measurement of lease liabilities		<b>1,065</b>	4,227
Auditor's remuneration		<b>3,350</b>	3,752
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		<b>54,377</b>	57,013
Equity-settled share option expense		<b>4,620</b>	–
Pension scheme contributions		<b>3,161</b>	8,679
		<b>62,158</b>	65,692
Impairment loss recognised in respect of trade and bills receivables, net	<i>10</i>	<b>15,388</b>	6,612
Impairment loss recognised in respect of prepayments, other receivables and other assets, net		<b>10,384</b>	54,814
Loss on uncertainty in respect of collectability of contract assets, net		<b>8,958</b>	23,505
Changes in fair value of investment properties		<b>32,570</b>	(4,222)
Fair value change on financial assets at fair value through profit or loss		<b>1,564</b>	1,109
Dividend income from equity investments at fair value through other comprehensive income		<b>(3,097)</b>	–
Gain on disposal of investment properties		<b>(42,635)</b>	–
Gain on disposal of subsidiary		<b>(20,139)</b>	–
Gain on remeasurement of the investment in a joint venture		–	(926)
Interest income		<b>(5,730)</b>	(2,494)
Loss on disposal of items of property, plant and equipment*		<b>153</b>	24

\* Impairment losses recognised in respect of goodwill, deposits paid for acquisition of land use rights, properties held for sale and loss on disposal of items of property, plant and equipment are included in "Other expenses" in the consolidated statement of profit or loss.

## 7. INCOME TAX EXPENSE

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group was not subject to any income tax in the Cayman Islands and the BVI during both years.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax during both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, except as stated below, the tax rate of all the other PRC subsidiaries is 25.0% from 1 January 2008 onwards.

Pursuant to the income tax rules and regulations of the PRC, certain subsidiaries were recognised as high and new technology enterprises and the income tax rate applicable to these subsidiaries was 15.0% for the year ended 31 December 2020 (2019: 15.0%).

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – Mainland China	31,369	2,121
Deferred	<u>(28,177)</u>	<u>36,058</u>
Total tax charge for the year	<u><u>3,192</u></u>	<u><u>38,179</u></u>

## 8. DIVIDENDS

During the years ended 31 December 2020 and 2019, no final dividend was declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2020 has been proposed by the directors of the Company.

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,439,460,000 (2019: 4,163,227,000) in issue during the year.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise prices of those options were higher than the average market price of the Company's shares for the year ended 31 December 2020.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent	<u><u>(242,399)</u></u>	<u><u>(441,039)</u></u>
	<b>Number of shares</b>	
	<b>2020</b>	2019
	<i>'000</i>	<i>'000</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u><u>4,439,460</u></u>	<u><u>4,163,227</u></u>



## 10. TRADE AND BILLS RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	321,087	210,947
Impairment	<u>(123,465)</u>	<u>(100,740)</u>
Trade receivables, net	197,622	110,207
Bills receivable	<u>223</u>	<u>223</u>
	197,845	110,430
Less: Non-current portion	<u>(139,102)</u>	<u>(57,029)</u>
Current portion	<u><u>58,743</u></u>	<u><u>53,401</u></u>

The Group enters into an arrangement to sublease a leased asset to a third party while the original lease contract is in effect, the Group is an intermediate lessor, this sublease is classified as a finance lease. The Group derecognised the right-of-use asset on the head lease and recognised trade receivables at the sublease commencement date, continued to account for the original lease liability in accordance with the lessee accounting model. At 31 December 2020, the current portion and non-current portion of the trade receives amounted to RMB8,022,000 (equivalent to approximately HK\$9,532,000) and RMB71,272,000 (equivalent to approximately HK\$84,656,000), respectively.

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	106,295	27,834
91 to 180 days	3,995	6,304
181 to 365 days	9,625	5,398
Over 365 days	<u>77,930</u>	<u>70,894</u>
	<u><u>197,845</u></u>	<u><u>110,430</u></u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of year	<b>100,740</b>	96,356
Impairment losses, net ( <i>note 6</i> )	<b>15,388</b>	6,612
Exchange realignment	<u>7,337</u>	<u>(2,228)</u>
At end of year	<u><b>123,465</b></u>	<u>100,740</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix based on the grouping of various customer segments:

#### As at 31 December 2020

##### Group one: construction services

	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>4 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Expected credit loss rate	15.86%	55.36%	73.88%	80.78%	87.27%	100.00%	54.25%
Gross carrying amount ( <i>HK\$'000</i> )	102,893	17,458	11,561	15,624	8,269	65,950	221,755
Expected credit losses ( <i>HK\$'000</i> )	16,319	9,665	8,541	12,621	7,216	65,950	120,312

##### Group two: others

	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>4 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Expected credit loss rate	2.43%	25.65%	37.54%	54.30%	78.07%	100%	3.17%
Gross carrying amount ( <i>HK\$'000</i> )	97,970	417	208	317	23	397	99,332
Expected credit losses ( <i>HK\$'000</i> )	2,381	107	78	172	18	397	3,153

As at 31 December 2019

Group one: construction services

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected credit loss rate	13.17%	51.18%	71.69%	76.81%	81.98%	100.00%	48.56%
Gross carrying amount (HK\$'000)	106,440	12,191	17,486	7,781	4,554	57,528	205,980
Expected credit losses (HK\$'000)	14,018	6,239	12,536	5,977	3,733	57,528	100,031

Group two: others

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected credit loss rate	2.41%	25.62%	42.42%	69.06%	86.44%	100.00%	14.27%
Gross carrying amount (HK\$'000)	4,013	196	297	78	6	377	4,967
Expected credit losses (HK\$'000)	97	50	126	54	5	377	709

## 11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	<b>121,586</b>	101,998
91 to 180 days	<b>3,509</b>	14,883
181 to 365 days	<b>7,506</b>	23,817
Over 365 days	<b>147,311</b>	168,778
	<b><u>279,912</u></b>	<u>309,476</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of six months.

## FINANCIAL HIGHLIGHTS

### Income Allocation

	2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
1. Shallow geothermal energy utilisation system				
Including: Planning and Design	122	0	2,101	1
Supply of renewable energy	3,741	2	21,146	6
Engineering construction	142,202	62	163,573	47
Operation and maintenance	25,963	10	37,155	11
Intelligent manufacturing	2,804	1	22,697	6
2. Air conditioning/shallow geothermal heat pump	47,897	21	92,485	27
3. Property investment and development	8,133	4	6,380	2
Total revenue	<u>230,862</u>	<u>100</u>	<u>345,537</u>	<u>100</u>

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	230,862	345,537
Gross profit	46,134	83,978
Loss before tax	(240,248)	(406,844)
Loss for the year	(243,440)	(445,023)
Research and development costs (included in the administrative expenses)	5,562	6,440
Impairment losses on trade and bills receivables, net	15,388	6,612
Impairment loss recognised in respect of prepayments, other receivables and other assets, net	10,384	54,814
Impairment losses on uncertainty in respect of collectability of contract assets, net	8,958	23,505
Impairment on goodwill	-	263,879

### As at 31 December 2020 & 2019

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	1,083,854	574,672
Total assets	1,720,561	1,955,668
Net current liabilities	(22,599)	(624,790)
Total equity	<u>477,174</u>	<u>664,105</u>

## **FINANCIAL REVIEW**

For the year ended 31 December 2020, the loss of the Group amounted to approximately HK\$243,440,000 and revenue amounted to HK\$230,862,000 as compared with the loss of the Group amounted to HK\$445,023,000 and revenue amounted to approximately HK\$345,537,000 for the year ended 31 December 2019. For more detailed information, please refer to the consolidated financial statements for the year ended 31 December 2020 and 2019.

## **OPERATIONAL RESULTS**

Total revenue from operations for the year ended 31 December 2020 was approximately HK\$230,862,000 as compared with HK\$345,537,000 for the year ended 31 December 2019, representing a decrease of 33.2%. The decrease in revenue was mainly attributable to some projects as originally planned were lagging behind due to some contracts were not signed as expected and construction were not completed on schedule. On the other hand, the tight funding situation has reduced or postponed part of the originally planned BOO projects, resulting in a decrease in the number of funding advancement projects. During the year ended 31 December 2020, the Group recorded a net loss of approximately HK\$243,440,000 (including impairment of trade receivables of HK\$15,388,000 and impairment of contract assets amounted to approximately HK\$8,958,000) as compared with a net loss of approximately HK\$445,023,000 for the year ended 31 December 2019.

## **GROSS PROFIT MARGIN**

Gross profit from the Group's operations for the year ended 31 December 2020 was approximately HK\$46,134,000, represented the gross profit margin of 20.0% (2019: approximately HK\$83,978,000, represented the gross profit margin of 24.3%). The Group's gross profit margin had decreased by 4.3%. The fall of gross profit margin is partly due to the revenue from coal-to-electricity projects and sale of HYY Ground Source Heating Device with lower gross profit margin accounted for a higher proportion of the total revenue. Besides, preference on the customers with good payment ability will be given when signing the contracts in response to the outbreak of COVID-19 pandemic and tight funding of the Company which also resulted to lower the profit margin of some projects.

## **SELLING & DISTRIBUTION EXPENSES**

Selling and distribution expenses for this year decreased by approximately HK\$5,662,000 or 45.3% as compared with that of the year ended 31 December 2019. The selling and distribution expenses decreased mainly due to the decreases of the marketing, advertising and office costs resulted by the decrease in projects. On the other hand, in order to alleviate the impact of the outbreak of COVID-19 pandemic and tight funding situation, the Company has strengthened the cost control which reduced the expenditures.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses amounted to approximately HK\$89,639,000 (decreased by 11.9%) and HK\$101,696,000 for the years ended 31 December 2020 and 2019 respectively. The decrease in administrative expenses was mainly due to the effective cost control, the implementation of budget control and the strengthening of salary management by the Group.

## **OTHER EXPENSES**

Other expenses amounted to approximately HK\$166,722,000 (2019: HK\$267,360,000). During the year, impairment losses recognized in respect of properties held for sale was HK\$139,009,000.

## **SHARE-BASED PAYMENT EXPENSES**

During the year ended 31 December 2019, the Group had not incurred any share-based payment expenses while in 2020 the share-based payment expenses amounted to approximately HK\$4,620,000 which was the amortisation of relevant expenses arising from the granting of award shares to directors, officers, employees and business partners by the Group.

## **ORDER BOOK**

As at 31 December 2020, the Group had contracts on hand of approximately HK\$211,219,000 (2019: approximately HK\$173,935,000).

## **SEGMENTAL INFORMATION**

The Group's reportable and operating segment consists of shallow geothermal energy, air conditioning/shallow geothermal heat pump, property investment and development and securities investment and trading segments.

### **Shallow geothermal energy**

The Group has always been committed to promote the development of non-combustion emerging industry of integrated heating and cooling with geothermal energy. It is the only enterprise in the country that possesses the business capabilities of design qualification, design capability, construction qualification, construction capability, operation and maintenance, main engine production and contract energy management. The Company is also the only patent holder of the original single-well circulation heat exchange energy collection technology and owns the largest number of patented technologies in the industry. Leveraging on existing resources and integrating industrial chain service capabilities, the Group features various professional sectors. Currently, the Group has formed five major segments of planning and design, supply of renewable energy, intelligent manufacturing, engineering construction and operation and maintenance.

## **Air conditioning/shallow geothermal heat pump**

The Group continued the promotion of its air conditioning/shallow geothermal heat pump business this year and has expanded more than 3,275 devices in the district of Qingyuan, Longyao, Ningpu, Lixian in Hebei. In the future, the Group will continue to develop such products and enrich the product line constantly to meet the individual needs of the customers.

## **Properties investment and development**

The Group continues to focus on its core businesses of shallow geothermal energy utilization system and continue to provide necessary funding to support the core business. During the year, the group had disposed properties in Beijing and Hangzhou to improve general liquidity. The Group will continue proper arrangement of its assets to secure sufficient resources for core business development.

## **Securities investment and trading**

The Group invested the idle fund for trading of securities and other types of investments in order to increase the Group's income. Further information regarding the Group's operating segments may be referred to note 3 "Operating Segment Information" of this announcement.

## **FINANCIAL RESOURCES AND LIQUIDITY**

Net current liabilities of the Group as at 31 December 2020 was approximately HK\$22,599,000 (2019: HK\$624,790,000).

As at 31 December 2020, the Group had cash and cash equivalents of approximately HK\$63,172,000 (2019: approximately HK\$56,871,000). Cash and cash equivalents on the consolidated statement of financial position include funds available for general corporate purposes.

In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing certain measures. Details of which could be referred to note 2.1 of the notes to the consolidated financial statements of this announcement.

## **CHARGES OF GROUP ASSETS**

As at 31 December 2020, bank borrowings was secured by property with a carrying amount of approximately HK\$9,743,000 and investments in equity interests, with a total carrying amount of approximately HK\$419,796,000.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Company's reporting currency is in Hong Kong dollars and most of the trading transactions and cost incurred by the Group are principally denominated in Hong Kong dollars and Renminbi. The Group continued to adopt a conservative treasury policy by keeping most of the bank deposits in either Hong Kong dollars or Renminbi to minimise exposure to foreign exchange risks.

As at 31 December 2020, the Group had no foreign exchange contracts.

## **GEARING RATIO**

The gearing ratio of the Group, based on total net debt (including interest-bearing bank and other borrowings, lease liabilities, trade and bills payables, financial liabilities included in other payables and accruals, less cash and cash equivalents) to the equity (representing equity attributable to owners of the parent) plus net debt of the Group, was 57.5% as at 31 December 2020 (2019: 58.6%).

## **EMPLOYEES**

As at 31 December 2020, the Group has approximately 480 employees (2019: approximately 580). The remuneration package of the employees is determined with reference to their performance, experience and their positions, duties and responsibilities in the Group. In addition, discretionary bonuses will be paid to staff based on individual and Group's performance.

## **SHARE OPTION SCHEME**

The Company has a share option scheme that provides for the issuance of options to its directors, officers and employees. The detailed disclosures relating to the Company's share option scheme are set out in note 35 to the financial statements of the Company's annual report.

At 31 December 2020, all the share options had been granted and remained outstanding under the Share Option Plan 2010 was lapsed.

## **SHARE AWARD SCHEME**

On 15 January 2020 ("Adoption Date"), the Company has adopted a share award scheme (the "Share Award Scheme") with the objective to attract, retain and incentivize key employees, executive officers, directors and consultants of the Company and its subsidiaries to retain them for the continual operations and development the Group. Pursuant to the Scheme Rules, the Board may, from time to time, at their absolute discretion select the eligible persons to participate in the Share Award Scheme and determine the number of shares to be awarded ("Award Shares") to the selected participants. The Board shall have the power to impose any conditions on the rights of selected participants to the Award Shares when deemed appropriate. The detailed disclosures relating to the Company's Share Award Scheme are set out in note 36 to the financial statements of the Company's annual report.



## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Company did not have any contingent liabilities not provided in the financial statements (2019: Nil).

## **DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: Nil).

## **CAPITAL STRUCTURE**

As at 31 December 2020, the authorised share capital of the Company was US\$160,000,000 divided into 16,000,000,000 ordinary shares of US\$0.01 each and the issued share capital was 4,526,925,163 ordinary shares of US\$0.01 each.

## **EVENTS AFTER THE REPORTING PERIOD**

On 26 March 2021, Ever Source Science and Technology Development Group Co., Ltd.\* (恒有源科技發展集團有限公司) entered into the Equity Transfer Agreement in relation to disposal of 100% equity interest in HYX Science and Technology Development Group Xinyi Co., Ltd.\* (恒有源科技發展集團新沂有限公司), a wholly owned subsidiary of the Company, at the consideration of approximately RMB25,831,000.

## **CAPITAL COMMITMENT AND SUBSTANTIAL INVESTMENTS**

Details of capital commitments are set out in note 42 to the financial statements of the Company's Annual Report.

## **FUTURE PLANS FOR SUBSTANTIAL INVESTMENTS OF CAPITAL ASSETS**

The Group expects that it will make significant capital expenditures on some of the build-operate-transfer ("BOT") business. BOT business is currently the most common heating business model in the PRC. The Group will promote this model in order to develop heating projects.

## **MAJOR ACQUISITIONS AND DISPOSALS**

On 29 March 2020, Ever Source Science and Technology Development Group Ltd. (恒有源科技發展集團有限公司), an indirect wholly owned subsidiary of the Company, entered into property usage right transfer agreement ("Transfer Agreement") to sell usage right of the investment properties in Beijing for a cash consideration of RMB114,407,000. At the extraordinary general meeting held on 6 October 2020, the Shareholders of the Company passed the ordinary resolution in respect of the Transfer Agreement. Details of the disposal contemplated under the Transfer Agreement can be referred to the announcement dated 29 March 2020 and the circular dated 27 August 2020 of the Company.

On 15 May 2020, HYY Investment Management Co., Ltd. (恒有源投資管理有限公司), an indirect wholly owned subsidiary of the Company, entered into equity transfer agreements (“Equity Transfer Agreement”) to sell 100% of the equity interest in Goodway (Hangzhou) Biotechnology Ltd (嘉德威 (杭州) 生物科技有限公司) for a cash consideration of RMB143,993,000. At the extraordinary general meeting held on 10 November 2020, the Shareholders of the Company passed the ordinary resolution in respect of the Equity Transfer Agreement. Details of the disposal contemplated under the Equity Transfer Agreement can be referred to the announcement dated 15 May 2020 and the circular dated 15 October 2020 of the Company.

On 13 November 2020, HYY Investment Management Co., Ltd. (恒有源投資管理有限公司), an indirect wholly owned subsidiary of the Company, entered into equity transfer agreement (“Share Transfer Agreement”), as supplemented by a supplemental agreement dated 23 December 2020, to sell approximately 4.99965% of equity interests in Beijing Life Insurance Co., Ltd. for a cash consideration of RMB237,000,000. At the extraordinary general meeting held on 19 February 2021, the Shareholders of the Company passed the ordinary resolution in respect of the Share Transfer Agreement. Details of the disposal contemplated under the Share Transfer Agreement can be referred to the announcement dated 13 November 2020 and the circular dated 26 January 2021 of the Company.

Save as disclosed above, there was no major acquisitions or disposal transactions during the year.

## **BUSINESS REVIEW**

During the period under review, the Company recorded revenue of approximately HK\$230,862,000 of which revenue from engineering construction accounted for 62.0% of total revenue, operation and maintenance accounted for 10.0% of total revenue, and equipment sales accounted for 21.0% of total revenue.

The overall income scale of the Group slowed down and decreased during the review period as compared to the same period last year. On the one hand, macroeconomic growth was slowed down due to the impact of the COVID-19 pandemic. Some projects as originally planned were lagging behind resulted by some contracts and construction were not completed on schedule. On the other hand, the funding constraint has reduced or postponed part of the originally planned investment-construction-operation projects, resulting in a decrease in the number of funding advancement projects.

Year 2020 is the most challenging year for the Company. During the period under review, the Group has disposed of the usage right of Beijing Industrial Park, the 100% equity interests of Goodway (Hangzhou) Biotechnology Ltd. and 4.9996% equity interests of Beijing Life Insurance Co., Ltd. Most of the proceeds from the disposals were used for the repayment of bank loans which greatly reduced the Company’s financial expenses. As of the end of the period, a total of RMB325 million has been repaid and the outstanding balance of the loan is RMB75 million. Details of the relevant disposals can be referred to the Company’s circulars dated 27 August 2020, 15 October 2020 and 26 January 2021.

Facing the suddenly outbreak of COVID-19 pandemic in 2020, the local government adopted stringent epidemic prevention measures, and normal business activities could conditionally be allowed to carry out until the beginning of May. During the period in August, sporadic epidemics occurred successively in some regions which once again affected the Company's business development. The impact has led to decline of the business to a certain extent. On the one hand, the Company is actively carrying out epidemic prevention and control measures, on the other hand, it has tried to speeding up the business development and adopting various measures to ensure the normal operation of the Company's projects, finally achieving a staged victory of epidemic prevention and control work and ensuring smooth operation and maintenance work.

During the period under review, the Company carried out a number of representative projects, including Beijing Haidian Foreign Language Yuanxiang Campus Phase II, Coal-to-Electricity Project of Qingyuan District, Baoding, Coal-to-Electricity Project of Ningjin Area, Handan Citizen Service Center, Ground Source Heat Pump Transformation Project of Xingtai city, demonstration project of Zhongxin Village in Hejin City. Especially, the Ground Source Heat Pump Transformation Project of Xingtai city has been transforming the original system of double-well collection and heat exchange method to the Group's unique Single-well Circulation Heat Exchange & Collection System, which provided basis for similar projects in the future and further proved the reliability and environmentally protection of the Single-well Circulation Heat Exchange & Collection System. The demonstration project of Zhongxin Village in Hejin City is a central heating demonstration project in villages and towns which is consistent with the strategy of comprehensive implementation of the rural revitalization proposed by our country during the 14th Five-Year Plan period. It also demonstrates the renewable energy to meet the heating demand in the countryside is of great significance.

During the period under review, the project of "Key Technology Research and Large-scale Application of Heat Pump Heating in Northern Areas" participated by Ever Source Science and Technology Development Group Ltd. ("HYY Group") won the first prize of "2020 Huaxia Construction Science and Technology Award". It has also organized the compilation of Beijing's local standard "Evaluation of Technical Specifications for the Ground Source Heat Pump Systems" which was issued by the Beijing Municipal Market Supervision and Administration Bureau on 24 December 2020 and will be implemented on 1 April 2021.

With the successive completion of coal-to-electricity projects in Beijing and the Beijing-Tianjin-Hebei regions by the Group, resulting in a decrease on self-heating projects. At the next step, the Group will gradually adjust its strategic layout in response to changes in demand for shallow geothermal energy as an alternative energy source for heating in the new era. In addition to the vigorous promotion of central heating projects through a variety of business models, we are seeking to promote coal-to-electricity self-heating projects in the other related rural areas, such as Shanxi, Inner Mongolia, Shandong, etc.

In the future, in addition to the original market models, it will pay more attention to the cooperation with enterprises in the industry and companies in CECEP, further strengthening the industrial cooperation and making use of the complementary advantages of industrial synergy. It will jointly promote projects in Guiyang, Chengdu, Xiangtan, Taizhou, Qingdao and other places. Besides, a strategic cooperation agreement was signed with Beijing Zhonghuan Huanhui Company to carry out comprehensive cooperation in 34 cities within the scope of its franchise. At the same time, it actively promotes the application of heat pump products in the industry, and is promoting projects such as the utilization of waste heat from mine well water and wellbore heat insulation in the coal industry, promoting the utilization of heat pumps for heat pump flue-cured tobacco in the tobacco industry and utilization of heat pumps in the animal husbandry industry.

Although HYY Group had repaid bank loans during the period under review, it still encounters certain uncertainties in its operating activities in the following aspects:

#### **I. Possibility of tight funding**

Due to the loan repayments and the decline in financial results during the review period has led to funding constraint. While the Group will actively promote shallow geothermal energy as heating energy source and will be taking the following measures:

1. To strengthen the collection of receivables for projects by multiple channels and measures;
2. To dispose conditionally those assets that cannot generate obvious cash flow in the near future so as to improving the efficiency of capital usage;
3. To selectively commit the investment-construction-operation projects with high return in order to ensure continuous and stable cash flow in the future.

**II.** With the booming of shallow ground energy development and utilization market, the Company needs to further improve its technical level and expand the Company's industrial chain. Enrichment and improvement of the core technologies and industrial chain of single well circulation heat exchange, ground energy heating devices, air source heat pump and geothermal heat pump owned by the Company with an aim to provide energy supply for buildings outside the core high-density areas of the city, especially clean heating in the northern regions, clean energy supply in rural areas (cooling, heating, domestic water), clean energy supply in the Yangtze River Economic Zone, and enhance the ability to provide a "zero-carbon" clean energy supply total solution.

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 15 of the GEM Listing Rules. During the year, the Company has complied with the Code except for the deviations which are explained as follows:–

Under code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

Code provision E.1.2 of the Code requires that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Due to their engagement in other business, Mr. Jia Wenzeng, an independent non-executive Director and the chairman of the Audit Committee, and Mr. Wang Michael Zhiyu and Mr. Zhang Yiying, both are non-executive, were unable to attend the annual general meeting held on 30 June 2020. Besides, two non-executive Directors and two independent non-executive Directors, namely Mr. Wang Michael Zhiyu, Mr. Zhang Yiying, Mr. Wu Qiang and Mr. Guan Chenghua did not attend the adjourned annual general meeting held on 7 July 2020. A non-executive Director and two independent non-executive Directors, namely Mr. Wang Michael Zhiyu, Mr. Jia Wenzeng and Mr. Guan Chenghua did not attend the extraordinary general meetings held on 6 October 2020 and 10 November 2020.

### **NON-COMPLIANCE WITH RULE 5.05A OF THE GEM LISTING RULES DURING THE YEAR**

Upon the appointment of Mr. Zhang Yiying as a non-executive director on 16 January 2020, the Company failed to comply with the minimum number of independent non-executive directors as required under Rule 5.05A of the GEM Listing Rules.

On 27 March 2020, the Board has resolved to appoint Mr. Guan Chenghua as an independent non-executive Director effective from 28 March 2020. Upon the appointment of Mr. Guan as an independent non-executive director, the Company has re-complied with the requirement of the minimum number of independent non-executive directors prescribed under Rule 5.05A of the GEM Listing Rules.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the directors, the management shareholders 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 established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes, risk management and internal control systems of the Group and to provide advice and comments to the Board accordingly.

The Audit Committee currently comprises five independent non-executive directors of the Company, namely Mr. Jia Wenzeng (the chairman of the Audit Committee), Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and Mr. Guan Chenghua.

The Audit Committee has reviewed the Group's consolidated results for the year ended 31 December 2020 and has provided advice and comments thereon. The Audit Committee held five meetings during the year.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

## **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, the Company reported that during the year, the directors have complied 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.

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

During the year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the rules of the Share Award Scheme, purchased on the open market a total of 135,000,000 shares of the Company, representing approximately 2.98% of the issued share capital of the Company, at a consideration of approximately HK\$7,676,000 during the year ended 31 December 2020.

By Order of the Board of  
**China Geothermal Industry Development Group Limited**  
**Xu Shengheng**  
*Chairman*

Hong Kong, 29 March 2021

*As at the date of this announcement, the Board comprises Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine, Ms. Wang Yan, Mr. Wang Manquan, Ms. Hao Xia and Mr. Dai Qi as executive Directors, Mr. Yang Wei, Mr. Zhang Yiyi and Ms. Liu Ening as non-executive Directors, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and Mr. Guan Chenghua as independent non-executive Directors.*