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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)

VOLUNTARY ANNOUNCEMENT LITIGATION ON A SUBSIDIARY

References are made to (i) the announcement dated 13 November 2020; (ii) the supplemental announcement dated 19 November 2020; (iii) the supplemental announcement dated 23 December 2020; (iv) the circular dated 26 January 2021 (the “**Circular**”); and (v) the supplemental announcement dated 12 July 2020 published by China Geothermal Industry Development Group Limited (the “**Company**”) in respect of the very substantial disposal of approximately 4.99965% equity interest in Beijing Life Insurance Co., Ltd. (the “**Disposal**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

The Company hereby provides further information regarding the Disposal as follows:

Ever Source Investment recently received a civil complaint from Shanghai Gangze against Ever Source Investment and Beijing Rungu, requesting Beijing First Intermediate People’s Court to (i) order the cancellation of the Equity Transfer Agreement and the Supplemental Equity Transfer Agreement; (ii) order Ever Source Investment to return the equity transfer amount of RMB237,000,000 to Shanghai Gangze and compensate for the provisional interest loss of RMB8,217,995.83, totaling RMB245,217,995.83; (iii) order Beijing Rungu to bear joint and several liability for the aforementioned interest loss; and (iv) order Ever Source Investment and Beijing Rungu to bear the litigation costs, preservation fees and preservation guarantee fees for the case.

As of the date of this announcement, Ever Source Investment has received all the equity transfer funds which was announced on 12 July 2021, and the safety of funds has not been affected in any way. Up to the date of this announcement, the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, no preservative measures have been taken against any property of Ever Source Investment.

The Company considered that (i) Ever Source Investment has always acknowledged the legality of the Equity Transfer Agreement and the Supplemental Equity Transfer Agreement, and strictly performed the corresponding obligations, promptly released the pledge of Sales Shares and completed

all the prerequisite procedures for the shareholder change; (ii) according to the Supplemental Equity Transfer Agreement, Shanghai Gangze declared and guaranteed that it shall be eligible to become the qualified shareholder of the Target Company; Ever Source Investment has again inquired about the latest progress and results of shareholder change procedures of Shanghai Gangze with the Target Company in writing after receiving the civil complaint. According to the reply letter from the Target Company, the procedures for the change of shareholder of Shanghai Gangze had not been completed until the time of the reply, and it was all due to Shanghai Gangze's failure to provide and supplement the verification information regarding the qualifications of the shareholder of the insurance company as required by CBIRC; (iii) as of the date of this announcement, the Sales Shares have always been held by Ever Source Investment and have already qualified for the share transfer to Shanghai Gangze provided they can meet with CBIRC's requirements; and (iv) Ever Source Investment has so far designated special personnel to cooperate in completing the shareholder change procedures. Therefore, Ever Source Investment does not have any violation of laws or contracts or attempts for not performing its contractual obligations.

Based on the above facts and the legal opinions provided by lawyers, Ever Source Investment will protect its interests in accordance with the law and the agreements as far as practicable. Ever Source Investment will take legal actions including but not limited to (i) require Shanghai Gangze to continue to perform the agreements, complete the procedures for the change of shareholder of the Target Company; and (ii) claim to Shanghai Gangze for the payment of the costs and losses suffered by Ever Source Investment due to the breach of agreements by the defaulting party; and/or (iii) claim to Shanghai Gangze and Beijing Rungu for the payment of a punitive liquidated damages of 10% of the total Consideration of the Sales Shares in accordance with the agreements and the costs and losses suffered by Ever Source Investment due to the breach of agreements by the defaulting party.

The Company will vigorously defend to the litigation to protect its legal rights and interests. The Company will perform its information disclosure obligations in a timely manner regarding the litigation progress in accordance with relevant laws and regulations.

Shareholders of the Company and investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 3 December 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 Yiying 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.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited 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 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.