



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

TECHNOLOGY AND RESOURCES LINKS

First Quarterly Report 2022





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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.

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This report, 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 report 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 report misleading.

HIGHLIGHTS

Revenue for the three months ended 31 March 2022 (the “Review Period”) amounted to approximately HK\$23,640,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK\$14,996,000.

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 2021.

| | Three months ended 31 March | |
|---|--|-------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | | |
| – Shallow geothermal energy utilisation system | 23,640 | 24,613 |
| – Air conditioning/shallow geothermal heat pump | – | 1,082 |
| – Properties investment and development | – | – |
| | 23,640 | 25,695 |
| Loss for the period | (14,996) | (23,359) |
| Loss attributable to owners of the parent | (14,794) | (22,273) |



During the Review Period, the Group's revenue amounted to approximately HK\$23,640,000 which was mainly contributed by shallow geothermal energy utilisation business as compared with that of approximately HK\$25,695,000 for the corresponding period last year. The revenue decreased by approximately HK\$2,055,000 as compared with that of corresponding period last year. The revenue for the Review Period decreased by approximately 8.0% as compared with the same period last year. The decrease was mainly due to the continuous and repeated epidemic situation and the implementation of restrictions on personnel travel management by the government, which resulted in the delay of project construction during the Review Period. At the same time, the number of projects under construction carried over from the previous year decreased compared with that of the same period last year as well as no revenue from sales of air conditioning/shallow geothermal energy heat pump products was recorded during the Review Period. The Group's gross profit margin decreased from 19.0% in last corresponding period to 13.5% in the current period.

Other income and gains increased from approximately HK\$2,121,000 in the corresponding period last year to approximately HK\$2,772,000 for the three months ended 31 March 2022.

Selling and distribution expenses amounted to approximately HK\$5,221,000 and HK\$5,076,000 for the three months ended 31 March 2022 and 2021 respectively. Besides, administrative expenses amounted to approximately HK\$12,427,000 and HK\$19,758,000 for the three months ended 31 March 2022 and 2021 respectively.

During the Review Period, administrative expenses significantly decreased by approximately 37.1% as compared with the same period last year. The decrease was mainly attributable to the strict implementation of various cost and expenses control measures by the Company. At the same time, the implementation of salary reduction measures for executive directors for this year in order to fulfil their commitment to lead the Company to jointly fight against the epidemic, maintain production and promote employment as well as the formulation of new remuneration plan for employees, resulting in a decrease in salary expenses during the Review Period.

Finance costs amounted to approximately HK\$133,000 for the three months ended 31 March 2022 as compared with approximately HK\$796,000 for the last corresponding period. The decrease of finance costs was due to the repayment of all bank loans.

For the three months ended 31 March 2022, the loss for the Review Period was approximately HK\$14,996,000 versus approximately HK\$23,359,000 for the corresponding period in last year. The loss during the Review Period reduced by approximately 35.8% as compared to the same period last year. The decrease in loss during the Review Period was mainly attributable to the substantial reduction in administrative expenses of the Company.

BUSINESS REVIEW AND OUTLOOK

During the Review Period, the revenue of the Company amounted to approximately HK\$23,640,000, mainly from the shallow geothermal energy utilization business, of which engineering construction accounted for approximately 46.9% of the revenue, operation and maintenance accounted for approximately 53.1% of the revenue. During the Review Period, the revenue decreased by approximately 8% as compared to that of the same period last year. The major objectives of the Group are to fight the pandemic, ensure safety and ensure employment. With difficulties in broadening source of income, we earnestly focus on internal management to reduce expenditure and expenses. Making every effort to ensure the sustainability and safety of the enterprise.

During the Review Period, in order to strengthen our management of funds, the Group adopted the principles of no advance, no borrowing, no arrears. While improving and strengthening corporate governance, it's required that contracts shall be executed strictly in accordance with laws and regulations. We also spared efforts in collecting debts, thereby increasing the Company's cash flow and ensuring normal capital flow for operations need.

While the pandemic situation remains volatile under the current environment, the Group has actively been collecting bidding information for ground source heat pump heating projects while adhering to the government's epidemic prevention and control measures. The Group expands the scope of information from point to area, and strives to develop the market of utilization of shallow



geothermal energy as an alternative energy source for heating. At the same time, the projects carried over from the previous year would be constructed in a conditional manner. In terms of market expansion, the Company actively promotes coal-to-electricity transformation in rural areas such as Yan'an, Inner Mongolia, and Shandong by various business models, and strengthens the utilization of shallow geothermal energy and air source heat pumps in the industry. On the other hand, the Company conceives and adjusts a new model, aiming to implement energy transformation projects for public buildings in a certain area in a centralized package. The Company will use its best endeavors to enhance its business and market capabilities. In addition, adjustments were made to the remuneration and assessment mechanism of marketing personnel, proportion of performance-based wages are increased linking to job responsibilities, actual contributions and work performance to give more incentives, thereby improving the overall performance of the Company.

In the new era, the Group aim to strengthening the promotion of green development and building an ecological civilization. Shallow geothermal energy, as a kind of clean energy, has the characteristics of clean, low-carbon and wide distribution, and its development and utilization potential is huge.

On 30 January 2022, the National Energy Administration of the National Development and Reform Commission issued the “Opinions on Improving the System, Mechanism and Policy Measures for Energy Transformation to be Green and Low-Carbon ” [Fa Gai Neng Yuan [2022] No. 206], which has provided favorable policy guarantees for the promotion of the utilization of shallow geothermal energy as an alternative energy sources for heating.

Although the performance of the Group has slowed down in the past two years, the Company has repaid all loans so as to reducing financial costs. The Group will be adapting to the new form and seeking new development with light financial cost burden. As a system service provider of integrated heating and cooling in investment, construction and operation under the new form, the Group continues to improve various management, internal control and governance structures, improve the quality of personnel and work. The Company will actively seize opportunities through various means to adapt to changes in the market environment, and pursue the maximization of shareholders' interests.

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 2022 together with the unaudited comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the three months ended 31 March 2022

| | | Three months ended | |
|-----------------------------------|--------------|---------------------------|-------------|
| | | 31 March | |
| | <i>Notes</i> | 2022 | 2021 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 3 | 23,640 | 25,695 |
| Cost of sales | | (20,447) | (20,803) |
| Gross profit | | 3,193 | 4,892 |
| Other income and gains | 4 | 2,772 | 2,121 |
| Selling and distribution expenses | | (5,221) | (5,076) |
| Administrative expenses | | (12,427) | (19,758) |
| Other operating expenses | | (54) | (89) |
| Finance costs | 5 | (133) | (796) |
| Share of profits and losses of: | | | |
| A joint venture | | - | - |
| Associates | | (3,126) | (4,645) |
| Loss before tax | 6 | (14,996) | (23,351) |
| Income tax expense | 7 | - | (8) |
| Loss for the period | | (14,996) | (23,359) |
| Attributable to: | | | |
| Owners of the parent | | (14,794) | (22,273) |
| Non-controlling interests | | (202) | (1,086) |
| | | (14,996) | (23,359) |

| | Three months ended | |
|--|---------------------------|-------------|
| | 31 March | |
| <i>Notes</i> | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Loss for the period | (14,996) | (23,359) |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences: | | |
| Exchange differences on translation of foreign operations | 2,305 | (1,496) |
| Share of other comprehensive income of a joint venture | - | - |
| Share of other comprehensive income/(loss) of associates | 400 | (628) |
| Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods | 2,705 | (2,124) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | |
| Equity investments designated at fair value through other comprehensive income: | | |
| Changes in fair value | - | - |
| Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods | - | - |
| Other comprehensive income/(loss) for the period, net of tax | 2,705 | (2,124) |
| Total comprehensive loss for the period | (12,291) | (25,483) |
| Attributable to: | | |
| Owners of the parent | (11,872) | (24,124) |
| Non-controlling interests | (419) | (1,359) |
| | (12,291) | (25,483) |
| Loss per share attributable to ordinary equity holders of the parent Basic and diluted (expressed in HK cents) | (0.337) | (0.507) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

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 2021.

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 2022 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 2022. 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.

| | Three months ended | |
|--|--------------------|---------------|
| | 31 March | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Type of goods or service | | |
| Sale, installation and maintenance of shallow geothermal energy utilisation system | 23,640 | 24,613 |
| Sale of air conditioning/shallow geothermal heat pump products | - | 1,082 |
| Rental income | - | - |
| Total revenue | 23,640 | 25,695 |
| Geographical markets | | |
| The PRC | 23,640 | 25,695 |
| Total revenue | 23,640 | 25,695 |
| Timing of revenue recognition | | |
| Goods transferred at a point in time | - | 1,082 |
| Services transferred over time | 23,640 | 24,613 |
| Total revenue from contracts with customers | 23,640 | 25,695 |
| Rental income | - | - |
| Total revenue | 23,640 | 25,695 |

4. OTHER INCOME AND GAINS

Other income and gains is analyzed as follows:

| | Three months ended | |
|-------------------------|--------------------|--------------|
| | 31 March | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Bank interest income | 94 | 60 |
| Sale of scrap materials | - | - |
| Government grants | - | - |
| Others | 2,678 | 2,061 |
| | 2,772 | 2,121 |

5. FINANCE COSTS

An analysis of finance costs is as follows:

| | Three months ended | |
|---|--------------------|-------------|
| | 31 March | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Interest on bank loans, overdraft and other loans | 133 | 796 |
| Guarantee fee on bank loans | - | - |
| | 133 | 796 |

6. LOSS BEFORE TAX

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

| | Three months ended | |
|--|--------------------|-------------|
| | 31 March | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Cost of sales | 20,447 | 20,803 |
| Depreciation – Property, plant of equipment | 2,020 | 2,116 |
| Depreciation – Right-of-use assets | – | 175 |
| Employee benefit expense (including directors' and chief executive's remuneration) | 12,530 | 14,520 |

7. INCOME TAX EXPENSE

| | Three months ended | |
|---------------------------|--------------------|-------------|
| | 31 March | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| PRC enterprise income tax | – | 8 |

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 2022 (2021: 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 2022.

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 2022 (2021: 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:

| | Three months ended | |
|--|--------------------|------------------|
| | 31 March | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Loss | | |
| Loss for the period attributable to ordinary equity holders of the parent | <u>(14,794)</u> | <u>(22,273)</u> |
| | '000 | '000 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation | <u>4,394,597</u> | <u>4,391,925</u> |

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

For the three months ended 31 March 2022

| | Attributable to owners of the parent | | | | | | | | | | | | Total equity HK\$'000 | |
|--|--------------------------------------|---|---------------------------|-------------------------------|--|---------------------------------|-----------------------------|-----------------------------|--|--|--------------------------------|-------------------|--------------------------|---------------------------------------|
| | Share capital HK\$'000 | Shares held for Share Award HK\$'000 | Share premium HK\$'000 | Statutory reserve HK\$'000 | Assets revaluation reserve HK\$'000 | Contributed surplus HK\$'000 | Special reserve HK\$'000 | Capital reserve HK\$'000 | Share option reserve/ share HK\$'000 | Exchange fluctuation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | | Non-controlling interests HK\$'000 |
| At 1 January 2021 (audited) | 353,043 | (7,676) | 904,845 | 2,935 | 39,300 | 154,381 | 7,553 | 50,878 | 4,620 | (14,616) | (1,046,835) | 448,428 | 28,746 | 477,174 |
| Loss for the period | - | - | - | - | - | - | - | - | - | - | (22,273) | (22,273) | (1,086) | (23,359) |
| Other comprehensive income/(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 | - | - | - | - | - | - | - | - | - | (1,223) | - | (1,223) | (273) | (1,496) |
| Loss on property revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of other comprehensive income of associates | - | - | - | - | - | - | - | - | - | (628) | - | (628) | - | (628) |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | - | - | - | - | (1,851) | (22,273) | (24,124) | (1,359) | (25,483) |
| At 31 March 2021 (unaudited) | 353,043 | (7,676) | 904,845 | 2,935 | 39,300 | 154,381 | 7,553 | 50,878 | 4,620 | (16,467) | (1,069,108) | 424,304 | 27,387 | 451,691 |

| | Attributable to owners of the parent | | | | | | | | | | | | Total equity HK\$'000 | |
|--|--------------------------------------|---|---------------------------|-------------------------------|--|---------------------------------|-----------------------------|-----------------------------|--|--|--------------------------------|-------------------|--------------------------|---------------------------------------|
| | Share capital HK\$'000 | Shares held for Share Award HK\$'000 | Share premium HK\$'000 | Statutory reserve HK\$'000 | Assets revaluation reserve HK\$'000 | Contributed surplus HK\$'000 | Special reserve HK\$'000 | Capital reserve HK\$'000 | Share option reserve/ share HK\$'000 | Exchange fluctuation reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | | Non-controlling interests HK\$'000 |
| At 1 January 2022 (audited) | 353,043 | (8,169) | 906,013 | 2,935 | 45,448 | 154,381 | 7,553 | 85,707 | - | (907) | (1,144,010) | 401,994 | 26,186 | 428,180 |
| Loss for the period | - | - | - | - | - | - | - | - | - | - | (14,794) | (14,794) | (202) | (14,996) |
| Other comprehensive income/(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 | - | - | - | - | - | - | - | - | - | 2,522 | - | 2,522 | (217) | 2,305 |
| Loss on property revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of other comprehensive income of associate | - | - | - | - | - | - | - | - | - | 400 | - | 400 | - | 400 |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | - | - | - | - | 2,922 | (14,794) | (11,872) | (419) | (12,291) |
| At 31 March 2022 (unaudited) | 353,043 | (8,169) | 906,013 | 2,935 | 45,448 | 154,381 | 7,553 | 85,707 | - | 2,015 | (1,158,804) | 390,122 | 25,767 | 415,889 |

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

As at 31 March 2022, 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:

Long Positions in Shares and Equity Derivatives

| Name of Directors | Nature of interest | Number of Shares | Percentage of total issued Shares⁽¹⁾ |
|----------------------------|---|-------------------------|--|
| Mr. Xu Shengheng | Beneficial owner | 715,646,600 | 15.83% |
| | Interest of spouse | 982,800 | |
| Ms. Chan Wai Kay Katherine | Beneficial owner | 62,290,400 | 1.69% |
| | Interest of spouse | 14,103,600 | |
| Mr. Wang Manquan | Beneficial owner | 716,800 | 0.02% |
| Mr. Pan Yan | Beneficial owner | 260,000 | 0.01% |
| Ms. Liu Ening | Beneficial owner | 250,000,000 | 5.52% |
| Mr. Zhang Yiyi | Beneficial owner | 2,504,000 | 5.58% |
| | Interest of Controlled Corporation ⁽²⁾ | 250,000,000 | |
| Mr. Jia Wenzeng | Beneficial owner | 2,000,000 | 0.04% |
| Mr. Wu Desheng | Beneficial owner | 2,000,000 | 0.04% |
| M. Wu Qiang | Beneficial owner | 2,000,000 | 0.04% |
| M. Guo Qingui | Beneficial owner | 2,000,000 | 0.04% |
| M. Guan Chenghua | Beneficial owner | 2,000,000 | 0.04% |



Notes:

- (1) The calculation is based on (i) the aggregate number of the shares of the Company (“Shares”) and, if any, underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company.
- (2) Universal Zone Limited, which is wholly owned by Mr. Zhang Yiying, holds 250,000,000 Shares.

Save as disclosed above, as at 31 March 2022, 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 2022, 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 in Shares and Underlying Shares

| Name | Nature of interest | Number of Shares | Percentage of total issued Shares⁽¹⁾ |
|--|------------------------------------|-------------------------|--|
| China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited ⁽²⁾ | Beneficial interest | 1,190,000,000 | 26.29% |
| China Energy Conservation and Environmental Protection Group ⁽²⁾ | Interest of controlled corporation | 1,190,000,000 | 26.29% |
| Ms. Luk Hoi Man | Beneficial interest | 982,800 | 15.83% |
| | Interest of spouse | 715,646,600 | |
| Universal Zone Limited | Beneficial owner | 250,000,000 | 5.52% |
| Mr. Wang Zhiyu | Interest of spouse | 250,000,000 | 5.52% |

Notes:

- (1) The calculation is based on (i) the aggregate number of Shares and, if any, underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company.
- (2) China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of China Energy Conservation and Environmental Protection Group, holds 1,190,000,000 Shares.

Save as disclosed above, as at 31 March 2022, 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.



SHARE AWARD SCHEME

On 15 January 2020 (the “Adoption Date”), the Board approved the adoption of a share award scheme (the “Share Award Scheme”). The purposes of the Share Award Scheme are to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. For details of the Share Award Scheme, please refer to the announcement of the Company dated 15 January 2020.

Since the Adoption Date and up to 31 March 2022, a total of 58,000,000 awarded shares had been awarded and vested in accordance with the terms of Share Award Scheme and the vesting conditions as specified by the Board.

During the three months ended 31 March 2022, no awarded shares under the Share Award Scheme was granted.

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 report, the Board comprises, Mr. Xu Shengheng, Mr. Xue Jiangyun, Mr. Pan Ya, Ms. Wang Yan, Ms. Chan Wai Kay, Katherine, Mr. Wang Manquan and Mr. Dai Qi as executive Directors, Mr. Yang Wei, Mr. Zhang Yiyang and Ms. Liu Ening as non-executive Directors, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Jia Wenzeng, Mr. Guo Qingui and Mr. Guan Chenghua as independent non-executive Directors.

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

Hong Kong, 11 May 2022