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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)

SUPPLEMENTAL EQUITY TRANSFER AGREEMENT IN RELATION TO VERY SUBSTANTIAL DISPOSAL

Financial Adviser to the Company

VEDA | CAPITAL
智 略 資 本

References are made to the announcements of the Company dated 13 November 2020 and 19 November 2020 in relation to, among other things, the Disposal (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

SUPPLEMENTAL EQUITY TRANSFER AGREEMENT

On 30 November 2020, the Vendor has received a written notice by the Purchaser to exercise the Assignment Right and to appoint Shanghai Gangze Trading Company Limited* (上海港澤貿易有限公司) as the Transferee. The Purchaser is legally entitled to exercise the Assignment Right under the law of the PRC. As advised by the Purchaser, the Transferee is a business acquaintance of the Purchaser and the exercise of the Assignment Right to the Transferee was mainly due to, including but not limited to, meeting the necessary qualifications under the requirement of laws and regulations and regulatory authorities and complying with the requirements in the PRC regarding transfer of shares of the Target Company. For instance, the Purchaser informed the Company that any funding from financing activities by the Purchaser may not be allowed for the purposes of purchasing equities of an insurance company under the rules/guidelines of the CBIRC which interfered the initial intentions of the Purchaser on settling the consideration of the Sales Shares by the financing arrangement and led to the Purchaser to exercise the Assignment Right to the Transferee. The Purchaser has confirmed to the Company that (i) there was no arrangement whereby benefit was or will be given to the Purchaser as compensation and/or consideration in connection with the exercising of the Assignment Right; and (ii) the Transferee and its ultimate beneficial owners as well as its respective associates are also Independent Third parties (as defined in GEM Listing Rules). Furthermore, being the original party entering into the Equity Transfer Agreement and as set out in the Supplemental Equity Transfer Agreement (as defined below), the Purchaser has undertaken to be

responsible for all the obligations and liabilities of the Transferee in the event that the Transferee had breached any of the terms and conditions set out in the Equity Transfer Agreement (the “**Purchaser’s Undertaking**”) to safeguard the interests of the Vendor and the Company in respect of the Disposal as a result of the Assignment Right. In the event that the Transferee cannot, for any reasons, complete the Disposal, the Purchaser will be obligated to proceed with the Disposal in respect of the Purchaser’s Undertaking to acquire the Sales Shares unless the parties to the Equity Transfer Agreement decided to terminate the transaction pursuant to the terms of the Equity Transfer Agreement. If the Equity Transfer Agreement cannot be effected due to reasons attributable by the Purchaser and the Transferee, the Purchaser shall pay the Vendor 10% of the total Consideration as punitive liquidated damages. For the avoidance of doubt, the Purchaser will not further transfer to any other transferee(s) under the Supplemental Equity Transfer Agreement (as defined below) and any further transactions involving the disposing of the Sales Shares by the Group with any other transferee(s) will be considered as a new transaction and will have to comply with all the applicable GEM Listing Rules of the Stock Exchange.

On 23 December 2020, after trading hours, the Vendor, a wholly-owned subsidiary of the Company, the Purchaser and the Transferee entered into a supplemental agreement to the Equity Transfer Agreement (the “**Supplemental Equity Transfer Agreement**”), pursuant to which, the Transferee has undertaken to be fully responsible for all the obligation and liabilities that are applicable to the transferee under the Equity Transfer Agreement. In addition, the Transferee will jointly complete the procedures for change of shareholders of the Sales Shares and the industrial and commercial filing procedures regarding the articles of association of the Target Company with the Vendor as stipulated under the Equity Transfer Agreement.

It was further agreed that the Vendor will return the Deposit of RMB100,000 (equivalent to approximately HK\$117,000) to the Purchaser within five days upon receiving the First Instalment from the Transferee.

Save as the disclosed in the above, all other terms and conditions in the Equity Transfer Agreement shall remain unchanged in full force and effect. Having considered (i) the reasons stated in the paragraph headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT” in the Company’s announcement dated 13 November 2020; (ii) the Assignment Right does not affect the arrangement of and the amount of the Consideration; and (iii) the Purchaser’s Undertaking as set out in the Supplemental Equity Transfer Agreement further benefits the Company in securing to receive the Consideration for completion of the Disposal, the Directors considered that the terms for the Supplemental Equity Transfer Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TRANSFEREE

The Transferee is a company established in the PRC and its ultimate beneficial owners are Ms. Lin Bi'e* (林碧娥) and Mr. Zhang Jiming* (張紀明). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Transferee and its ultimate beneficial owner(s) are Independent Third Parties.

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

Hong Kong, 23 December 2020

As at the date of this announcement, the Board comprises Mr. Xu Shengheng, Ms. Wang Yan, Ms. Chan Wai Kay, Katherine, Mr. Wang Manquan, Ms. Hao Xia and Mr. Dai Qi as executive Directors, Mr. Yang Wei, Mr. Zhang Yiyi and Mr. Wang Michael Zhiyu (Ms. Liu Ening being his alternate Director) as non-executive Directors, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and 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 "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.cgseenergy.com.hk.