



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

**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.

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This announcement, for which the directors of China Geothermal Industry Development Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

Revenue for the three months ended 31 March 2021 (the “Review Period”) amounted to approximately HK\$25,695,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK\$23,359,000.

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 2020.

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
– Shallow geothermal energy utilisation system	24,613	41,272
– Air conditioning/shallow geothermal heat pump	1,082	–
– Properties investment and development	<u>–</u>	<u>3,668</u>
	<u>25,695</u>	<u>44,940</u>
Loss for the period	<u>(23,359)</u>	<u>(18,797)</u>
Loss attributable to owners of the parent	<u>(22,273)</u>	<u>(18,152)</u>

During the Review Period, the Group's revenue amounted to approximately HK\$25,695,000 which was mainly contributed by shallow geothermal energy utilisation business as compared with that of approximately HK\$44,940,000 for the corresponding period last year. The revenue decreased by approximately HK\$19,245,000 as compared with that of corresponding period last year. During the Review Period, the revenue decreased by approximately 42.8% mainly because, on the one hand, the slow progress of projects during the Lunar New Year period that were brought forward from last year, which were slower than expected. On the other hand, due to the decrease of approximately HK\$15,830,000 of accumulated contracts signed compared with first quarter of the last year. The decrease was approximately 52.3% compared with the last year. The Group's gross profit margin increased from 18.4% in last corresponding period to 19.0% in the current period.

Other income and gains decreased from approximately HK\$6,065,000 in the corresponding period last year to approximately HK\$2,121,000 for the three months ended 31 March 2021.

Selling and distribution expenses amounted to approximately HK\$5,076,000 and HK\$7,888,000 for the three months ended 31 March 2021 and 2020 respectively. Besides, administrative expenses amounted to approximately HK\$19,758,000 and HK\$24,999,000 for the three months ended 31 March 2021 and 2020 respectively.

During the Review Period, the Group adjusted the operation structures to strengthen control over costs of projects and relevant expenditures. Both the selling and distribution expenses and administrative expenses of the Group have relatively significant decrease compared with the same period last year.

Finance costs amounted to approximately HK\$796,000 for the three months ended 31 March 2021 as compared with approximately HK\$5,855,000 for the last corresponding period. The main reason for the drop of finance costs was the reduction of bank loans.

For the three months ended 31 March 2021, the loss for the period was approximately HK\$23,359,000, versus approximately HK\$18,797,000 for the corresponding period in last year.

BUSINESS REVIEW AND OUTLOOK

During the Review Period, the Company recorded revenue of approximately HK\$25,695,000, of which revenue from engineering construction accounted for approximately 62.6% of total revenue, energy contract management accounted for approximately 33.2% of total revenue, equipment sales accounted for 4.2% of total revenue.

During the Review Period, the Company's overall revenue decreased by approximately 42.8% as compared with that of the same period last year which was mainly due to the construction progress for the projects carried over from the previous year were slower than expected due to the Lunar New Year. At the same time, the number of contracts secured in the first quarter has decreased significantly as compared with the same period last year, and many coal-to-electricity projects are under planning.

The projects under construction during the Review Period were mainly projects carried over from the previous year, such as the Beijing Haidian Foreign Language Experimental School Yuanxiang Campus phase II, the newly built Zhangqiu Community Service Hall, and Yungu Tianyuan Ground Source Heat Pump Environmental System Project (Kaili) etc. The newly signed projects mainly included Handan Fengfeng Civic Center, Changsha Rongcheng Hospital, Xingtai Library, and the heating transformation project for the ground workshop of Songyuan Xinmu Oil Production Plant.

In order to adapt to the market competition and to leverage on the advantages of shallow geothermal energy as an alternative energy source for heating, new business models have been added and supplemented on the basis of the traditional business model to gradually expand the application market. For example, the Changsha Rongcheng Hospital project adopted investment-construction-operation model which can effectively warrant the continuous inflow of cash flows.

Considering that the bidding work for coal-to-electricity projects in various regions has not yet started in the first quarter, Ever Source Science and Technology Development Group Co., Ltd. ("HYY") tried its utmost to thoroughly understand and grasp the relevant coal-to-electricity policies in each region through various channels during the review period, and at the same time develop potential agents so as to provide guarantee for the subsequent development and implementation of the projects. For example, Ever Source Science and Technology Development Group Co., Ltd., a subsidiary of the Group, and the People's Government of Xindu District of Xingtai City signed the "Shallow Geothermal Clean Energy Central Heating Project Cooperation Framework Agreement" with an aim to promote the transformation of heating energy in the region and achieve clean heating in winter.

Under the premise of goal commitment for carbon dioxide emission peak and carbon neutrality, HYY has formulated relevant action plans in terms of clean energy supply and smart energy allocation to seize historic development opportunities. In the next stage, HYY will continue to strengthen the construction of market personnel as well as to strengthen the development of market sales channels, deploy the promotion of new coal-to-electricity pilot cities, promote the implementation of potential projects so as to provide contract guarantees for the next stage.

During the Review Period, the progress of asset disposal was advanced. At present, the disposal of the entire equity interest of HYY Science and Technology Development Group Xinyi Co., Ltd.* (恒有源科技發展集團新沂有限公司), a subsidiary of the Group, has been completed, and the relevant proceeds for the disposal have been received. Details of the disposal can be referred to the Company's announcement dated 26 March 2021.

At the same time, the Company adjusted its operating structure, on the one hand to strengthen project cost control, while at the same time to control the related expenditures. Compared with the same period last year, sales and distribution expenses and administrative expenses in the first quarter were significantly reduced.

2021 is the first year of the country's "14th Five-Year Plan", and it is also the most important year for the Group. On 27 January 2021, the National Energy Administration's "Notice on Doing a Good Job in Renewable Energy Heating Work According to Local Conditions" stated that the use of renewable energy for heating is an urgent need for our country to adjust the energy structure, realize energy conservation and emission reduction, and reasonably control the total energy consumption. It is the wisest choice to complete the goal of non-fossil energy utilization, build a clean and low-carbon society, and achieve sustainable energy development.

In view of the above, HYY will further seize the historic opportunity, adopt multiple modes and methods to fully connect with traditional central heating and self-heating methods, promote shallow geothermal energy as an alternative energy source for heating in the North and migrate to the renewable energy heating without combustion and emission in the heating region, realizing electricity to replace coal.

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 2021 together with the unaudited comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		Three months ended	
		31 March	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	25,695	44,940
Cost of sales		(20,803)	(36,680)
Gross profit		4,892	8,260
Other income and gains	4	2,121	6,065
Selling and distribution expenses		(5,076)	(7,888)
Administrative expenses		(19,758)	(24,999)
Other operating expenses		(89)	–
Finance costs	5	(796)	(5,855)
Reversal of impairment losses on trade and bills receivables		–	3,388
Reversal of impairment losses on contract assets		–	6,799
Share of profits and losses of:			
A joint venture		–	–
Associates		(4,645)	(4,526)
Loss before tax	6	(23,351)	(18,756)
Income tax expense	7	(8)	(41)
Loss for the period		(23,359)	(18,797)
Attributable to:			
Owners of the parent		(22,273)	(18,152)
Non-controlling interests		(1,086)	(645)
		(23,359)	(18,797)

	Three months ended	
	31 March	
	2021	2020
Notes	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(23,359)</u>	<u>(18,797)</u>
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(1,496)	(34,918)
Share of other comprehensive income of a joint venture	—	—
Share of other comprehensive (loss)/income of associates	<u>(628)</u>	<u>(83)</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(2,124)</u>	<u>(35,001)</u>
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	<u>—</u>	<u>—</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>—</u>	<u>—</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(2,124)</u>	<u>(35,001)</u>
Total comprehensive loss for the period	<u><u>(25,483)</u></u>	<u><u>(53,798)</u></u>
Attributable to:		
Owners of the parent	(24,124)	(52,410)
Non-controlling interests	<u>(1,359)</u>	<u>(1,388)</u>
	<u><u>(25,483)</u></u>	<u><u>(53,798)</u></u>
Loss per share attributable to ordinary equity holders of the parent		
Basic and diluted (expressed in HK cents)	<u><u>(0.507)</u></u>	<u><u>(0.401)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2021

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 2020.

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 2021 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 2021. 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods or service		
Sale, installation and maintenance of shallow geothermal energy utilisation system	24,613	41,272
Sale of air conditioning/shallow geothermal heat pump products	1,082	—
Rental income	<u>—</u>	<u>3,668</u>
Total revenue	<u>25,695</u>	<u>44,940</u>
Geographical markets		
The PRC	<u>25,695</u>	<u>44,940</u>
Total revenue	<u>25,695</u>	<u>44,940</u>
Timing of revenue recognition		
Goods transferred at a point in time	1,082	—
Services transferred over time	<u>24,613</u>	<u>41,272</u>
Total revenue from contracts with customers	25,695	41,272
Rental income	<u>—</u>	<u>3,668</u>
Total revenue	<u>25,695</u>	<u>44,940</u>

4. OTHER INCOME AND GAINS

Other income and gains is as follows:

	Three months ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	60	66
Sale of scrap materials	—	—
Government grants	—	—
Others	2,061	5,999
	<u>2,121</u>	<u>6,065</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans, overdraft and other loans	796	5,855
Guarantee fee on bank loans	—	—
	<u>796</u>	<u>5,855</u>

6. LOSS BEFORE TAX

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

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of sales	20,803	36,680
Depreciation – Property, plant of equipment	2,116	2,255
Depreciation – Right-of-use assets	175	1,232
Minimum lease payments under operating leases	–	–
Employee benefit expense (including directors' and chief executive's remuneration)	14,520	13,836

7. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax	8	41

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 2021 (2020: 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 2021.

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 2021 (2020: 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to ordinary equity holders of the parent	<u>(22,273)</u>	<u>(18,152)</u>
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>4,391,925</u>	<u>4,526,925</u>

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

For the three months ended 31 March 2021

	Attributable to owners of the parent													
	Share capital HK\$'000	Shares held for Share Award Scheme 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 award reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020 (audited)	353,043	–	904,845	2,935	42,616	154,381	7,553	17,876	49,117	(42,747)	(853,553)	636,066	28,039	664,105
Loss for the period	–	–	–	–	–	–	–	–	–	–	(18,152)	(18,152)	(645)	(18,797)
Other comprehensive loss for the period:														
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange differences related to foreign operations	–	–	–	–	–	–	–	–	–	(35,561)	–	(35,561)	(743)	(36,304)
Loss on property revaluation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of other comprehensive income of associate	–	–	–	–	–	–	–	–	–	(83)	–	(83)	–	(83)
	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	–	–	–	(35,644)	(18,152)	(53,796)	(1,388)	(55,184)
	–	–	–	–	–	–	–	–	–	–	–	–	–	–
At 31 March 2020 (unaudited)	353,043	–	904,845	2,935	42,616	154,381	7,553	17,876	49,117	(78,391)	(871,705)	582,270	26,651	608,921

	Attributable to owners of the parent													
	Share capital	Shares held for Award Scheme	Share premium	Statutory reserve	Assets revaluation reserve	Contributed surplus	Special reserve	Capital reserve	Share option reserve/ share award reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 year	-	-	-	-	-	-	-	-	-	-	(22,273)	(22,273)	(1,086)	(23,359)
Other comprehensive income 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

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

As at 31 March 2021, 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%
Ms. Liu Ening	Beneficial owner	250,000,000	5.52%
Mr. Zhang Yiyang	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 Yiyang, holds 250,000,000 Shares.

Save as disclosed above, as at 31 March 2021, 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 2021, 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 2021, 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 2021, 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 2021, details of the awarded shares under the Share Award Scheme are set out below:

Awardees	Date of grant	Vesting date	Number of Shares				
			As at 1 January 2021	Granted during the period	Vested during the period	Lapsed during the period	As at 31 March 2021
Directors							
Mr. Xu Shengheng	7 July 2020	31 December 2020	4,000,000	–	4,000,000	–	–
Ms. Chan Wai Kay	7 July 2020	31 December 2020	4,000,000	–	4,000,000	–	–
Katherine							
Mr. Wang Manquan	7 July 2020	31 December 2020	10,000,000	–	–	10,000,000	–
Mr. Wang Zhiyu	7 July 2020	31 December 2020	2,000,000	–	–	2,000,000	–
Mr. Zhang Yiying	7 July 2020	31 December 2020	2,000,000	–	2,000,000	–	–
Mr. Jia Wenzeng	7 July 2020	31 December 2020	2,000,000	–	2,000,000	–	–
Mr. Wu Desheng	7 July 2020	31 December 2020	2,000,000	–	2,000,000	–	–
Mr. Wu Qiang	7 July 2020	31 December 2020	2,000,000	–	2,000,000	–	–
Mr. Guo Qingui	7 July 2020	31 December 2020	2,000,000	–	2,000,000	–	–
Mr. Guan Chenghua	7 July 2020	31 December 2020	2,000,000	–	2,000,000	–	–
Employees	7 July 2020	31 December 2020	58,000,000	–	4,000,000	54,000,000	–
Consultants	7 July 2020	31 December 2020	30,000,000	–	30,000,000	–	–
	16 September 2020	31 December 2020	4,000,000	–	4,000,000	–	–

COMPETITION AND CONFLICT OF INTERESTS

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

AUDIT COMMITTEE

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

As at the date of this announcement, the Board comprises, Mr. Xu Shengheng, Ms. 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.

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

Hong Kong, 13 May 2021

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.