



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

Third Quarterly Report 2021





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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 nine months ended 30 September 2021 (the “Review Period”) amounted to approximately HK\$138,565,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK\$45,418,000.

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 nine months ended 30 September 2020.

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue				
– Shallow geothermal energy	44,922	40,659	127,460	132,435
– Air conditioning/shallow geothermal heat pump	2,420	36,930	3,744	55,356
– Property investment and development	2,777	3,267	7,361	10,695
	50,119	80,856	138,565	198,486
Loss for the period	(16,707)	(25,658)	(45,418)	(10,798)
Loss attributable to owners of the parent	(16,703)	(24,538)	(43,666)	(15,365)



During the Review Period, the Group's revenue amounted to approximately HK\$138,565,000 which was mainly contributed by shallow geothermal energy utilisation business as compared with that of approximately HK\$198,486,000 for the corresponding period last year. The revenue decreased by approximately HK\$59,921,000 as compared with that of corresponding period last year. During the period, the revenue from the shallow geothermal energy utilization system and the sales of relevant equipment has declined which was mainly attributable to the new contracts of engineering projects secured in the first three quarters was relatively low. Also, the gross profit of the signed contracts has decreased and the number of projects under construction has decreased compared with the same period last year, resulting in the shrinkage of the income scale and the decrease of gross profit.

Furthermore, the substantial decrease in coal-to-electricity projects in Hebei region during the period led to the sales contract of HYY Ground Source Heating Devices dropped significantly as compared with the same period last year. The Group's gross profit margin for the nine months ended 30 September 2021 was 21.16% which has decreased by 7.34% as compared with 28.50% for the corresponding period last year.

Other income and gains decreased from approximately HK\$24,357,000 in the corresponding period last year to approximately HK\$11,710,000 for the nine months ended 30 September 2021. This was mainly due to no waiver of the account payables during the period.

Selling and distribution expenses amounted to approximately HK\$15,912,000 and HK\$13,608,000 for the nine months ended 30 September 2021 and 2020 respectively. The selling and distribution expenses in the Review Period increased as compared with the corresponding period last year which was mainly due to the increase of expenses for the expansion of other markets by the Group.

During the Review Period, administrative expenses increased by approximately HK\$7,051,000 or 11.91% as compared with that of nine months ended 30 September 2020. The increase in administrative expenses was mainly due to the increase of HK\$6,300,000 in research and development expenses of the Group for the first three quarters as compared with the corresponding period last year.



Finance costs amounted to approximately HK\$3,305,000 for the nine months ended 30 September 2021 as compared with approximately HK\$22,534,000 for the last corresponding period. The finance cost mainly represented the borrowing cost on the loan. The decrease was mainly attributable to the repayment of loan.

For the nine months ended 30 September 2021, the loss was approximately HK\$45,418,000, whereas loss was approximately HK\$10,798,000 for the corresponding period in last year. The substantial increase of loss during the period was mainly due to the significant decline in the scale of revenue affected by the volatile epidemic situation and the decrease in gross profit margin resulted in a decrease in gross profit.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group recorded approximately HK\$138,565,000 in revenue as compared with approximately HK\$198,486,000 in the same period last year. Revenue dropped by approximately HK\$59,921,000 as compared with that of the same period last year which was mainly attributable to the revenue of shallow geothermal energy utilization system and equipment sales declined as well as the gross profit of the contracts decreased. The Group's gross profit margin for the first nine months ended 30 September 2021 was 21.16% which was decreased by 7.34% from approximately 28.50% of the same period last year.

During the period under review, the loss was approximately HK\$45,418,000, compared with a loss of approximately HK\$10,798,000 in the same period last year. The increase in the loss during the period was mainly due to the substantial decline in the scale of revenue and the decrease in gross profit resulted by the decline in gross profit margin.



During the period under review, the management of the Group earnestly summed up experience and lessons, adjusted business ideas, intensified market development, and calmly responded to the impact of the epidemic and the changes in the external environment. In order to grasp the additional coal-to-electricity projects in the central and western regions, we have intensified the market work in Yan'an, Shanxi, Xinjiang and other places with an aim to realizing the implementation of coal-to-electricity demonstration projects. On the other hand, we have actively promoted projects utilizing shallow geothermal energy as an alternative energy for heating for public buildings, such as Dalian Suoyu Bay Professional Football Stadium Project and Daxing Shouzuo Project, which contracts are about to sign in the fourth quarter. These projects will provide a strong guarantee for the results performance in the fourth quarter. At the same time, we have also strengthened the market development and increased investment in the areas along the Yangtze River, for example, we signed a contract to invest HK\$8,200,000 in the ground-source heat pump project of Rongcheng Hospital in Changsha, Hunan, which has been in operation. Apart from carrying out the engineering construction, we also secured a 15-year operation service contract which will provide guarantee for the cooling and heating operation sector in future.

During the period under review, the Group paid close attention to the implementation of the projects for the transformation of the water source heat pump to single well circulation technology in Xingtai, Hebei, the transformation of water source heat pump to air source in Anxin County, Hebei, and the transformation of coal-fired boiler to single well circulation technology in Ci County, Hebei. Giving full play to the coordination with China Energy Conservation and Environmental Protection Group Corporation, step up the implementation of the first phase of Xiangtan Hongsheng Yipin Mansion, and strive to build a demonstration project in the area along the Yangtze River.

During the period under review, the Group conscientiously carried out the heating maintenance work, formulated heating emergency plans, organized a standby emergency repair team to deal with emergency repairs in the conditions of extreme weather or sudden failures, and required the emergency repair team to be on standby for 24 hours and shall arrive at the site within 2 hours upon receiving repairment request. At the same time, it is equipped with necessary repair tools and spare parts to ensure that the heating service is completed on time and with quality.



During the period under review, the Company has continuously improved the fundamental management. In terms of cost control, we further improved the procurement process and procedures of the Group Material Center, carried out the development, evaluation, and maintenance of suppliers, improved the signing of and management of the procurement contracts, etc., through market research, field inspections, factory supervision and products acceptance, etc. In this way, suppliers have been assessed in different aspect, such as quality, delivery cycle, price, timeliness and after-sales service for the products provided by suppliers, dynamically improved the management of the list of qualified suppliers so as to reduce procurement costs. We also further strengthened the collection of accounts receivable, and assigned accounts receivable to each responsible person of which the collection assessment is strictly carried out. According to the Company's development status, the human resources structuring plan is correspondingly formulated so as to optimize such resources and to reduce the costs.

In recent years, our country has been vigorously developing low-carbon and environmental protection industries and implementing clean heating. As a clean energy company for shallow geothermal heating, the Company actively responds to the country's call to implement sustainable development strategies to create a green and environmentally friendly heating concept for which we try to put it into practice.

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 the "Group") for the three months and nine months ended 30 September 2021 together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	50,119	80,856	138,565	198,486
Cost of sales		(49,535)	(67,427)	(109,249)	(141,917)
Gross profit		584	13,429	29,316	56,569
Other income and gains	3	9,365	(541)	11,710	24,357
Selling and distribution expenses		(5,441)	(5,208)	(15,912)	(13,608)
Administrative expenses		(20,753)	(19,665)	(66,273)	(59,222)
Gain on disposal of a subsidiary		-	-	5,672	-
Reversal of impairment losses on trade and bills receivables, net		-	-	-	3,437
Reversal of impairment losses on contract assets, net		-	-	-	6,799
Finance costs	4	(1,438)	(12,197)	(3,305)	(22,534)
Fair value changes on financial assets designated at fair value through profit or loss		-	(1,436)	-	(1,436)
Fair value changes on investment properties		-	43	-	6,255
Others expenses		(16)	1,344	(109)	(2,048)
Share of profits and losses of:					
Associates		837	971	(6,660)	(5,126)
Share-based payment expenses		-	(2,205)	-	(2,205)
Loss before tax	5	(16,862)	(25,465)	(45,561)	(8,762)
Income tax expense	6	155	(193)	143	(2,036)
Loss for the period		(16,707)	(25,658)	(45,418)	(10,798)
Attributable to:					
Owners of the parent		(16,703)	(24,538)	(43,666)	(15,365)
Non-controlling interests		(4)	(1,120)	(1,752)	4,567
		(16,707)	(25,658)	(45,418)	(10,798)
Loss per share attributable to ordinary equity holders of the parent	8				
Basic and diluted (expressed in HK\$ cents)		(0.376)	(0.551)	(0.985)	(0.345)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2021

	Three months ended		Nine months ended	
	30 September		30 September	
Notes	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(16,707)	(25,658)	(45,418)	(10,798)
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	3,084	(6,678)	5,352	(20,378)
Share of other comprehensive income/(loss) of associates	4	(61)	328	(104)
Net other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods	3,088	(6,739)	5,680	(20,482)



	Three months ended		Nine months ended	
	30 September		30 September	
Notes	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income/ (loss) 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	-	-	-	(2,780)
Loss on property revaluation	-	(826)	-	(390)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	-	(826)	-	(3,170)
Other comprehensive income/ (loss) for the period, net of tax	3,088	(7,565)	5,680	(23,652)
Total comprehensive loss for the period	(13,619)	(33,223)	(39,738)	(34,450)
Attributable to:				
Owners of the parent	(15,371)	(33,453)	(40,066)	(42,591)
Non-controlling interests	1,752	230	328	8,141
	(13,619)	(33,223)	(39,738)	(34,450)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

1. CORPORATE INFORMATION

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, Hong Kong respectively.

During the nine months ended 30 September 2021, the Group was involved in the following principal activities:

- Provision, installation and maintenance of shallow geothermal energy utilisation system
- 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. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The condensed consolidated financial statements for the nine months ended 30 September 2021 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, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations effective as of 1 January 2021. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.



3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	47,342	77,589	131,204	187,791
Revenue from other sources				
Gross rental income	2,777	3,267	7,361	10,695
	50,119	80,856	138,565	198,486
Types of goods or services				
Sale, installation and maintenance of shallow geothermal energy utilisation system	44,922	40,659	127,460	132,435
Sale of air conditioning/ shallow geothermal heat pump products	2,420	36,930	3,744	55,356
Rental income	2,777	3,267	7,361	10,695
Total revenue	50,119	80,856	138,565	198,486



	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Geographical market				
Mainland China	<u>50,119</u>	<u>80,856</u>	<u>138,565</u>	<u>198,486</u>
Total revenue	<u>50,119</u>	<u>80,856</u>	<u>138,565</u>	<u>198,486</u>
Timing of revenue recognition				
Goods transferred at a point in time	<u>2,420</u>	<u>36,930</u>	<u>3,744</u>	<u>55,356</u>
Services transferred over time	<u>44,922</u>	<u>40,659</u>	<u>127,460</u>	<u>132,435</u>
Total revenue from contracts with customers	<u>47,342</u>	<u>77,589</u>	<u>131,204</u>	<u>187,791</u>
Rental income	<u>2,777</u>	<u>3,267</u>	<u>7,361</u>	<u>10,695</u>
Total revenue	<u>50,119</u>	<u>80,856</u>	<u>138,565</u>	<u>198,486</u>



	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income				
Interest income	8,452	47	8,541	156
Sale of scrap materials	-	-	-	375
Dividend income from financial assets at fair value through profit or loss	3	-	3	-
Dividend income from financial assets at fair value through other comprehensive income	-	-	-	3,053
Government grants (<i>Note</i>)	254	506	1,208	3,380
Waiver of trade payable	-	495	-	17,124
Others	656	(1,609)	1,958	269
	9,365	(541)	11,170	24,357
Loss				
Fair value change on financial assets at fair value through profit or loss	-	(1,436)	-	(1,436)
	9,365	(1,977)	11,170	22,921

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.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank loans	1,406	11,049	3,273	21,326
Guarantee fee on bank loans	–	1,119	–	1,119
Interest on lease liabilities	32	29	32	89
	1,438	12,197	3,305	22,534

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories sold	18,507	35,911	46,907	52,170
Cost of services provided	31,028	31,516	62,342	89,747
Depreciation	6,090	2,451	9,760	10,205
Employee benefit expense (including directors' and chief executive remuneration)	23,173	12,034	52,573	39,370
Reversal of impairment losses on trade and bills receivables, net	–	–	–	(3,437)
Reversal of impairment losses on contract assets, net	–	–	–	(6,799)



6. INCOME TAX EXPENSE

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

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 periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, except as stated below, the tax rate of all the other PRC subsidiaries is 25% 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% for the nine months ended 30 September 2021 (nine months ended 30 September 2020: 15%).

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current – Mainland China	155	(193)	143	(358)
Deferred	–	–	–	(1,678)
Total tax charge for the period	155	(193)	143	(2,036)

7. DIVIDENDS

No interim dividend was paid, declared or proposed during the nine months ended 30 September 2021, nor has any dividend been proposed since the end of the interim reporting period (nine months ended 30 September 2020: Nil).



8. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,433,055,000 (2020: 4,455,420,000) in issue during that period.

The calculation of the basic and diluted loss per share based on:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss				
Loss for the period attributable to ordinary equity holders of the parent	(16,703)	(24,538)	(43,666)	(15,365)
	'000	'000	'000	'000
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations	4,447,637	4,455,420	4,433,055	4,455,420



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

For the nine months ended 30 September 2021

	Attributable to owners of the parent												Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme 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
At 31 December 2019 (audited)	933,043	904,845	-	2,935	42,616	154,381	7,553	17,876	49,117	(42,747)	(653,553)	636,066	28,009	664,105
Loss for the period	-	-	-	-	-	-	-	-	-	-	(15,369)	(15,369)	4,567	(10,798)
Other comprehensive income/(loss) for the period	-	-	-	-	(390)	-	-	(2,780)	-	(24,056)	-	(27,226)	3,574	(23,652)
Total comprehensive income/(loss) for the period	-	-	-	-	(390)	-	-	(2,780)	-	(24,056)	(15,369)	(42,591)	8,141	(34,450)
Adjustment on expiry of share option	-	31,174	-	-	-	-	-	-	(31,174)	-	-	-	-	-
Shares purchased for share award scheme	-	-	(5,471)	-	-	-	-	-	-	-	-	(5,471)	-	(5,471)
At 30 September 2020 (unaudited)	933,043	936,019	(5,471)	2,935	42,226	154,381	7,553	15,096	17,943	(66,903)	(668,918)	588,004	36,180	624,184
	Attributable to owners of the parent													
	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme 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 31 December 2020 (audited)	933,043	904,845	(7,676)	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	-	-	-	-	-	-	-	-	-	-	(43,666)	(43,666)	(1,752)	(45,418)
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	5,352	-	5,352	328	5,680
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	5,352	(43,666)	(38,314)	(1,424)	(38,738)
Shares purchased for share award scheme	-	-	(3,785)	-	-	-	-	-	-	-	-	(3,785)	-	(3,785)
At 30 September 2021 (unaudited)	933,043	904,845	(11,461)	2,935	39,300	154,381	7,553	50,878	4,620	(9,264)	(1,090,501)	406,229	27,322	433,651

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

As at 30 September 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 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 the underlying Shares, if any; 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 Yiyong, holds 250,000,000 Shares.

Save as disclosed above, as at 30 September 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 30 September 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 the underlying Shares if any; 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 30 September 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.

During the nine months ended 30 September 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 30 September 2021
			As at 1 January 2021	Granted during the period	Vested during the period	Lapsed during the period	
Directors							
Mr. Xu Shengheng	7 July 2020	31 December 2020	4,000,000	-	4,000,000	-	-
Ms. Chan Wai Kay Katherine	7 July 2020	31 December 2020	4,000,000	-	4,000,000	-	-
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 Yiyang	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	-	-

[#] Mr. Wang Zhiyu resigned as non-executive Director of the Company with effect from 12 March 2021.



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, except that, in accordance with the rules of the Share Award Scheme, the trustee of the Share Award Scheme purchased on the open market a total of 46,808,000 shares of the Company at a price between HK\$0.074 and HK\$0.082 per share, representing approximately 1.03% of the issued share capital of the Company, during the nine months ended 30 September 2021. The relevant consideration was approximately HK\$3,791,000.

As at the date of this report, 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 Yiyong 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, 10 November 2021

* *For identification purpose only*