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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)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares with a par value of US\$0.01 each will be consolidated into one (1) Consolidated Share with a par value of US\$0.10 each.

The Share Consolidation is conditional upon, among other things, (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. The circular containing, among other things, further details of the Share Consolidation and the notice of the EGM is expected to be despatched to the Shareholders on or before Monday, 24 February 2020.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

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Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is US\$160,000,000 divided into 16,000,000,000 Existing Shares with a par value of US\$0.01 each, out of which 4,526,925,163 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any Existing Shares from the date hereof until the effective date of the Share Consolidation, the authorised share capital of the Company shall become US\$160,000,000 divided into 1,600,000,000 Consolidated Shares with a par value of US\$0.10 each, of which 452,692,516 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which will not be allocated to the Shareholders who may otherwise be entitled to.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued (including the Consolidated Shares which may fall to be allotted and issued upon exercise of each of the existing share options) upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the laws of Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 17 March 2020 being the second Business Day after the EGM.

Application for the listing of the Consolidated Shares

An application will be made by the Company to the Listing Committee for granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued (including the Consolidated Shares which may fall to be allotted and issued upon exercise of each of the existing share options) upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation becoming effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Board lot size

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 8,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 8,000 Consolidated Shares.

Based on the closing price of HK\$0.051 per Existing Share (equivalent to the theoretical closing price of HK\$0.51 per Consolidated Share) as at the date of this announcement, the value of each board lot of the Existing Shares is HK\$408 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$4,080.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares as a result of the Share Consolidation, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Tuesday, 17 March 2020, Shareholders may during the period from Tuesday, 17 March 2020 to Friday, 24 April 2020 (both days inclusive), submit their existing share certificates for the Existing Shares, which are in yellow colour, to the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to exchange for new share certificates for the Consolidated Shares, which will be in brown colour at the expenses of the Company.

It is expected that new share certificates for the Consolidated Shares will be available for collection within 10 Business Days from the date of submission for the exchange. Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such other amount as may from time to time be specified by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher.

After 4:10 p.m. on Wednesday, 22 April 2020, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

ADJUSTMENTS TO THE EXISTING SHARE OPTIONS

As at the date of this announcement, there are outstanding share options entitling the holders thereof to subscribe for up to an aggregate of 486,182,851 Existing Shares. The Share Consolidation may cause adjustments to the exercise prices and/or number of Shares which may fall to be issued upon exercise of the share options pursuant to the terms of share option scheme. Further announcement(s) will be made by the Company regarding the adjustments as and when appropriate.

Save for the aforesaid, as at the date of this announcement, the Company has no other outstanding options, warrants or securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01 as referred to under Rule 17.76 of the GEM Listing Rules and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view of the prevailing trading price of the Existing Shares which is approaching the abovementioned threshold of extremities and the value per board lot being less than HK\$2,000, the Board proposes to implement the Share Consolidation. The proposed Share Consolidation will increase the nominal value of the Shares and reduce the number of Shares currently in issue. It is expected to bring about a corresponding upward adjustment in the trading price per Consolidated Shares on the Stock Exchange and increase the trading value of each board lot to a reasonable level. The Board believes that the higher trading price of the Consolidated Shares will enhance the Company’s corporate image and therefore attract investors to invest in the Company which is beneficial to both the Company and the Shareholders.

Save for the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests or rights of the Shareholders.

Given the foregoing, the Company considers the proposed Share Consolidation is justifiable in light of the potential costs and to maintain compliance with the GEM Listing Rules. Accordingly, the Directors consider that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and save as the proposed facility as disclosed in the Company’s announcement dated 16 December 2019, the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the fulfilment of the conditions of the Share Consolidation and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Despatch date of circular, proxy form and notice of the EGM	Monday, 24 February 2020
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Friday, 6 March 2020
Closure of the register of members for the entitlement to attend and vote at the EGM	Monday, 9 March 2020 to Friday, 13 March 2020 (both days inclusive)
Latest date and time for lodging the proxy forms for the EGM	11:00 a.m. on Wednesday, 11 March 2020
Date and time of the EGM	11:00 a.m. on Friday, 13 March 2020
Publication of announcement of poll results of the EGM	Friday, 13 March 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation

Effective date of the Share Consolidation	Tuesday, 17 March 2020
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	9:00 a.m. on Tuesday, 17 March 2020
Dealing in the Consolidated Shares commences	9:00 a.m. on Tuesday, 17 March 2020
Original counter for trading in the Existing Shares in board lots of 8,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 17 March 2020
Temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 17 March 2020

“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Geothermal Industry Development Group Limited (中國地熱能產業發展集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“Consolidated Share(s)”	ordinary share(s) with a par value of US\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and, if thought fit, approve, among other things, the Share Consolidation
“Existing Share(s)”	ordinary share(s) with a par value of US\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Registrar”	the Hong Kong branch share registrar of the Company, being Computershare Hong Kong Investor Services Limited as at the date of this announcement
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be

“Share Consolidation”	the proposed share consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 14 February 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, Mr. Zang Yiran and Mr. Dai Qi as executive Directors, Mr. Yang Wei, Mr. Zhang Yiying 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 and Mr. Guo Qingui as independent non-executive Directors.

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

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at www.cgsenergy.com.hk.