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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Ground Source Energy Industry Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國地能產業集團有限公司

CHINA GROUND SOURCE ENERGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an Annual General Meeting of China Ground Source Energy Industry Group Limited to be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 12 May 2015 at 11:15 a.m. is set out on pages 13 to 16 of this circular.

A proxy form for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" section of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting and the Company's website at www.cgsenergy.com.hk.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 12 May 2015 at 11:15 a.m.
“Board”	the board of Directors of the Company
“CECEP”	China Energy Conservation and Environmental Protection Group* (中國節能環保集團公司), a state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“CECEP(HK)”	China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited* (中國節能環保(香港)投資有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by CECEP
“Company”	China Ground Source Energy Industry Group Limited, shares of which are listed on the GEM
“Directors”	directors of the Company
“Existing Shares”	existing ordinary share(s) of US\$0.01 each in the capital of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM as amended, supplemented or otherwise modified from time to time
“General Mandate”	the general mandate to issue Shares of the Company which will be proposed to be granted to the Directors at the AGM
“Group”	the Company and its subsidiaries
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

* *For identification purpose only*

DEFINITIONS

“Latest Practicable Date”	30 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Repurchases Code”	Hong Kong Code on Share Repurchases
“Repurchase Mandate”	the general mandate to repurchase Shares of the Company which will be proposed to be granted to the Directors at the AGM
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	share(s) in the share capital of the Company
“Shareholders”	shareholders of the Company
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 28 July 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



中國地能產業集團有限公司

CHINA GROUND SOURCE ENERGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

Executive Directors:

Mr. Zheng Qiyu
Ms. Chan Wai Kay, Katherine
Mr. Xu Shengheng
Mr. Zang Yiran

Non-executive Directors:

Mr. Zhao Youmin
Mr. Daiqi

Independent non-executive Directors:

Mr. Jia Wenzeng
Mr. Wu Desheng
Mr. Zhang Honghai

Registered office:

Floor 4, Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Units 3709-10, 37/F.,
The Center
99 Queen's Road Central
Central, Hong Kong

1 April 2015

*To the Shareholders, and for information only,
the holders of the share options*

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the relevant information regarding the granting of the General Mandate and the Repurchase Mandate, the re-election of Directors and to give you notice of AGM at which ordinary resolutions will be proposed to consider, and if thought fit, approve at the AGM, among other matters, the granting of the General Mandate and the Repurchase Mandate and the re-election of Directors.

LETTER FROM THE BOARD

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the annual general meeting of the Company held on 9 May 2014, ordinary resolutions were passed to grant to the Directors general unconditional mandate (i) to repurchase Shares of the Company on GEM or on any other exchange on which the Shares have been or may be listed and recognised for this purpose by the SFC and the Stock Exchange under the Repurchases Code, which does not exceed 10 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of passing the relevant resolution; and (ii) to allot, issue and otherwise deal with Shares of the Company up to the limit of 20 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution. As at the Latest Practicable Date, 24,200,000 Shares have been repurchased pursuant to the repurchase mandate granted on 9 May 2014 of which 20,576,000 Shares have been cancelled and the remaining 624,000 Shares and 3,000,000 Shares that repurchased on 29 March 2015 and 30 March 2015 are pending for cancellation.

These general mandates will lapse at the conclusion of the forthcoming Annual General Meeting of the Company which will be held at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 11:15 a.m. on 12 May 2015.

At the AGM, ordinary resolutions will be proposed:

- (i) to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares of the Company on GEM or on any other exchange on which the Shares have been or may be listed and recognised for this purpose by the SFC and the Stock Exchange under the Repurchases Code, which does not exceed 10 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution to grant the Repurchase Mandate;
- (ii) to grant the General Mandate to the Directors to enable them to allot, issue and otherwise deal with Shares of the Company up to the limit of 20 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution to grant the General Mandate; and
- (iii) to increase the number of Shares to be allotted, issued and dealt with under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the authorised share capital of the Company was US\$160,000,000 divided into 16,000,000,000 Shares, of which 2,883,751,117 Shares were in issue (before taking into account the cancellation of 624,000 Shares and 3,000,000 Shares repurchased by the Company on 29 March 2015 and 30 March 2015 respectively). There were 441,992,000 outstanding options under the share option scheme, to subscribe up to 441,992,000 Shares.

Assuming that there is no change in the number of Shares in issue between the period from the Latest Practicable Date and the date of passing of the resolution approving the Repurchase Mandate other than the cancellation of 624,000 Shares and 3,000,000 Shares repurchased by the Company on 29 March 2015 and 30

LETTER FROM THE BOARD

March 2015 respectively, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate as at the date of passing of the resolution approving the Repurchase Mandate would be 2,880,127,117 Shares.

The Repurchase Mandate allows the Company to make repurchase only during the period from the date of the passing of the relevant resolution until the earliest of the conclusion of next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held and the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

In accordance with the GEM Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to renew the grant to the Directors of the Repurchase Mandate. Such explanatory statement is set out in Appendix I to this circular.

RE-ELECTION OF DIRECTORS

In accordance with Articles 84(3) and 85 of the Articles of Association of the Company, Mr. Zheng Qiyu, Mr. Zang Yiran and Mr. Zhang Honghai shall retire by rotation at the AGM, but being eligible, offer themselves for re-election. Details of Mr. Zheng Qiyu, Mr. Zang Yiran and Mr. Zhang Honghai are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 13 to 16 of this circular, ordinary resolutions will be proposed to approve the General Mandate, the Repurchase Mandate and to re-elect Directors of the Company.

A proxy form for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the AGM shall be voted by poll.

RESPONSIBILITY STATEMENT

This circular, 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 Growth Enterprise Market 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

LETTER FROM THE BOARD

to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

RECOMMENDATION

The Directors believe that an exercise of the General Mandate may enable the Company to take advantage of market conditions to raise additional capital for the Company and the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors consider that the approval of the Repurchase Mandate, the General Mandate and the re-election of the Directors at the AGM are in the best interest of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,

For and on behalf of

CHINA GROUND SOURCE ENERGY INDUSTRY GROUP LIMITED

Zheng Qiyu

Chairman

The following is the explanatory statement required to be sent to the Shareholders under the GEM Listing Rules in connection with the proposed general mandate for repurchases of Shares to be passed by the Shareholders by an ordinary resolution at the Annual General Meeting.

(1) REASONS FOR REPURCHASES

The Directors believe that it is in the best interest of the Company and its Shareholders for the Directors to have a general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

(2) FUNDING OF REPURCHASES

The Directors wish to state that repurchases pursuant to the Repurchase Mandate would be financed entirely from the Company's available cash flow or working capital facilities and any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its memorandum of association and articles of association and the laws of the Cayman Islands.

The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(3) IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts for the year ended 31 December 2014) in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(4) EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the authorised share capital of the Company was US\$160,000,000 divided into 16,000,000,000 Shares, of which 2,883,751,117 Shares were in issue (before taking into account the cancellation of 624,000 Shares and 3,000,000 Shares repurchased by the Company on 29 March 2015 and 30 March 2015 respectively). There were 441,992,000 outstanding options under the share option scheme, to subscribe up to 441,992,000 Shares.

Assuming that there is no change in the number of Shares in issue between the period from the Latest Practicable Date and the date of passing of the resolution approving the Repurchase Mandate other than the cancellation of 624,000 Shares and 3,000,000 Shares repurchased by the Company on 29 March 2015 and 30

March 2015 respectively, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate as at the date of passing of the resolution approving the Repurchase Mandate would be 2,880,127,117 Shares.

(5) DISCLOSURE OF INTEREST

Rule 13.11(2) of the GEM Listing Rules prohibit a company from knowingly repurchasing its shares on GEM from a connected person (as defined in the GEM Listing Rules) and a connected person is prohibited from knowingly selling his/her/its shares to the company on GEM.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates, have any present intention, if the Repurchase Mandate is approved by the Shareholders of the Company, to sell any Shares to the Company or its subsidiaries.

As at the Latest Practicable Date, no connected persons (as defined in the GEM Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of the Shares.

(6) DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the proposed resolution, if granted, in accordance with the GEM Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the memorandum and articles of association of the Company.

(7) SHARE REPURCHASE MADE BY THE COMPANY

24,200,000 Shares have been repurchased by the Company during the six months (whether on GEM or otherwise) preceding the Latest Practicable Date.

(8) TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, CECEP(HK) holds 850,000,000 Shares, representing approximately 29.48% of the issued share capital of the Company. CECEP(HK) is a wholly-owned subsidiary of CECEP, therefore CECEP is deemed to be interested in 850,000,000 shares that held by CECEP(HK). In the event that the Directors exercised in full the power to repurchase Shares of the Company in accordance with the terms of the Repurchase Mandate,

CECEP(HK)'s proportionate interests in the voting rights of the Company would be increased to approximately 32.75% in aggregate and CECEP(HK) would be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this respect.

Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate. Moreover, the Directors have no present intentions to exercise the Repurchase Mandate to such an extent that the obligation to make a general offer on the part of CECEP & CECEP(HK) will be triggered under the Takeovers Code. Assuming that there is no further issue of the Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate in full will not result in the level of shareholdings in the Company being held by the public below the minimum public float as required under the GEM Listing Rules.

(9) SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the twelve months from 1 March 2014 to 28 February 2015 and the period from 1 March 2015 up to the Latest Practicable Date were as follows:

Shares	Highest (HK\$)	Lowest (HK\$)
2014		
March	0.475	0.395
April	0.445	0.400
May	0.430	0.370
June	0.530	0.370
July	0.510	0.430
August	0.460	0.390
September	0.430	0.370
October	0.390	0.350
November	0.390	0.340
December	0.365	0.300
2015		
January	0.385	0.345
February	0.395	0.350
March (up to Latest Practicable Date)	0.375	0.320

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the directors proposed to be re-elected at the AGM:

Mr. Zheng Qiyu (“**Mr. Zheng**”), aged 61, the chairman of the Board and executive Director of the Company, holds a Bachelor’s degree of Economics from Beijing Institute of Economics, a Master’s degree of Economics from Nankai University and a Master’s degree of Geological Engineering from Jilin University. He holds a Registered Qualification Certificate for Constructor (Hydraulic Engineering) with a researcher title. He had been Head of Beijing Institute of Geology for Mineral Resources (北京地質研究所), Head of Beijing Municipal Bureau of Geology and Mineral Exploration (北京地礦局) and its Department Service (地礦部服局), General Manager of China Geo-Engineering Company (中國地質工程公司), Chairman and Deputy Secretary of the Party Committee of China Geo-Engineering Corporation (中國地質工程集團公司) and Deputy General Manager of China New Era Group Corporation (中國新時代(控股)集團公司), Deputy General Manager of China Energy Conservation and Environmental Protection Group (“CECEP”). He is currently Chairman of China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Ltd., a substantial shareholder of the Company.

Mr. Zheng is a director of a subsidiary of the Company namely Behlen USA (Hong Kong) Limited. Save as disclosed above, as at the Latest Practicable Date, Mr. Zheng has not previously held any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company. Mr. Zheng has no interests in the shares of the Company within the meaning of the SFO. Mr. Zheng did not hold any directorships in any listed companies in the past three years.

Mr. Zheng entered into an appointment letter with the Company in respect of his appointment as executive Director for a term of five years commencing from 24 August 2012 which can be terminated by either party by giving not less than three month’s written notice to the other. Mr. Zheng did not receive any director’s emoluments. Pursuant to the Company’s Articles of Association, Mr. Zheng is subject to retirement by rotation and re-election at general meetings of the Company.

Save as disclosed above, there are no other information for Mr. Zheng which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Zang Yiran (“**Mr. Zang**”), aged 36, the chief financial officer and executive Director of the Company, graduated from Tianjin University of Finance & Economics with a Bachelor’s degree. He commenced his career in September 1999 and worked as a director in Responsibility Accounting Centre of the Capital Operation Department of Tianjin First Center Hospital, a Business Manager of Financial Management Department of CECIC, an assistant to the Director of Financial Management Department of CECIC, an assistant to the Director of Financial Management Department of CECEP, the Deputy General Manager of China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Ltd., a substantial shareholder of the Company.

Mr. Zang is also the directors of various subsidiaries of the Company, namely, Source Science and Technology Development Group Ltd.* (恒有源科技發展集團有限公司), 恒有源科技發展集團新沂有限公司, 恒有源科技发展集團邳州有限公司, 恒有源科技发展集團鹽城有限公司, 恒有源科技发展集團南陽有限公司, 杭州恒有源能源科技有限公司, Ample Start Investments Limited, Sharp Bloom Investments Limited, China Ground Source Energy (Hangzhou) Limited, 金恒偉業(香港)有限公司, 金恒嘉業(香港)有

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

限公司。Save as disclosed above, as at the Latest Practicable Date, Mr. Zang had not previously held any positions with the Company or its subsidiaries, does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company. Mr. Zang has no interests in the shares of the Company within the meaning of the SFO. Save as disclosed. Mr. Zang did not hold any directorship in any listed companies in the past three years.

There is a service agreement entered between Mr. Zang and the Company in respect of his appointment as an executive Director for a term of three years and can be terminated by either party by giving not less than three month's written notice to the other. Pursuant to the Company's Articles of Association, Mr. Zang is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Zang received a director's emolument of HK\$1,200,000 per annum which was fixed with reference to market conditions and his duties and responsibilities with the Group.

Save as disclosed above, there are no other information for Mr. Zang which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Zhang Honghai ("**Mr. Zhang**"), aged 62, an independent non-executive Director of the Company, is a Senior Economist. Mr. Zhang graduated from Peking University in 1982 and subsequently completed a postgraduate programme at the International Business School of Hunan University and was awarded a master degree. Mr. Zhang also obtained an EMBA degree from Guanghua School of Management, Peking University.

Mr. Zhang has worked for the Beijing Municipal Government for many years. Mr. Zhang was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality and was Vice President of the Beijing Chinese Overseas Friendship Association. Mr. Zhang initially worked as Deputy General Manager and was then promoted to Vice Chairman and General Manager of Beijing International Trust Investment Limited during the period from 1990 to 1998, and has accumulated extensive experience in corporate management.

Mr. Zhang has served as Executive Director and Vice Chairman of Beijing Enterprises Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 392)) during the period from December 2003 to March 2013. During the period from May 2008 to October 2014, he was an Executive Director and Chairman of Beijing Enterprises Water Group Limited (a company listed on the Main Board of the Stock Exchange (stock code: 371)). He is currently an Executive Director of Beijing Development (Hong Kong) Limited (a company listed on the Main Board of the Stock Exchange (stock code: 154)) and an Executive Director and Chairman of the Board of BEP International Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 2326)). Save as disclosed above, Mr. Zhang did not hold any directorships in any listed companies in the past three years.

Mr. Zhang has entered into an appointment letter in respect of his appointment as an independent non-executive Director with the Company for a term of two years commencing from 2 September 2014 which can be terminated by either party by giving not less than three month's written notice to the other. Mr. Zhang will receive an annual director's fee of HK\$150,000, which is fixed with reference to the market

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

conditions and his duties and responsibilities as well as the director's fee payable to the existing independent non-executive Director. Pursuant to the Articles, Mr. Zhang is subject to retirement by rotation and re-election at general meetings of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zhang has not previously held any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Zhang did not hold any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other information for Mr. Zhang which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

The Company has received from Mr. Zhang a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. In consideration of Mr. Zhang has not engaged in any executive management and/or in any businesses of the Group, the Directors (including the members of nomination committee of the Company) are of the view that Mr. Zhang possessed of the independence and he is suitable to act as an independent non-executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING



中國地能產業集團有限公司

CHINA GROUND SOURCE ENERGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of China Ground Source Energy Industry Group Limited (the “**Company**”) will be held on Tuesday, 12 May 2015 at 11:15 a.m. at Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited financial statements of the Company for the year ended 31 December 2014 together with the reports of the directors of the Company (the “**Directors**”) and the auditors of the Company thereon.
2. To re-elect Mr. Zheng Qiyu as executive Director and to authorise the board of Directors to fix his remuneration.
3. To re-elect Mr. Zang Yiran as executive Director and to authorise the board of Directors to fix his remuneration.
4. To re-elect Mr. Zhang Honghai as independent non-executive Director and to authorise the board of Directors to fix his remuneration.
5. To re-appoint SHINEWING (HK) CPA Limited as the auditors of the Company and to authorise the Directors to fix their remuneration.
6. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:
 - A. “**THAT:**
 - (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any issue of shares of the Company upon the exercise of existing warrants to subscribe for shares of the Company or the exercise of options granted under any share option scheme adopted by the Company; or (iii) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and
- (iii) the date on which the authority given to Directors by this resolution is revoked or varied by an ordinary resolution by shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares in the Company (“**Shares**”), or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

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- B. **“THAT:**
- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as defined above) of all the powers of the Company to repurchase its shares on GEM or any other stock exchange on which the shares of the Company have been or may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases for such purposes, and otherwise in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on GEM as amended from time to time or that of any other stock exchange, be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the Directors to procure the Company to repurchase its shares at such price as the Directors may at their discretion determine in accordance with all applicable laws and regulations;
 - (c) the shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
 - (d) for the purpose of this resolution, “Relevant Period” shall have the same meanings as ascribed to it under paragraph (d) of resolution numbered 6A of the notice convening this Annual General Meeting.”
- C. **“THAT** conditional upon the passing the resolutions numbered 6A and 6B as set out in the notice convening the Annual General Meeting, the aggregate nominal value of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with resolution numbered 6B shall be added to the aggregate nominal value of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution numbered 6A.”

By order of the Board
China Ground Source Energy Industry Group Limited
Zheng Qiyu
Chairman

Hong Kong, 1 April 2015

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As at the date hereof, the Board of Directors of the Company comprises Mr. Zheng Qiyu, Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng and Mr. Zang Yiran as executive Directors, Mr. Zhao Youmin and Mr. Daiqi as non-executive Directors, Mr. Jia Wenzeng, Mr. Wu Desheng and Mr. Zhang Honghai as independent non-executive Directors.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting and in such event, the form of proxy shall be deemed to be revoked.
4. In relation to the proposed resolutions numbered 6(A) and 6(C) above, approval is being sought from the members for the grant to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.
5. In relation to the proposed resolution numbered 6(B) above, the Directors wish to state that repurchases of shares of the Company will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.
6. The register of members of the Company will be closed from Monday, 11 May 2015 to Tuesday, 12 May 2015, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for attending the Annual General Meeting or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 8 May 2015.