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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)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO
CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement of China Ground Source Energy Industry Group Limited (the “**Company**”) dated 24 March 2016 (the “**Announcement**”), in relation to the Continuing Connected Transaction. Terms defined herein shall have the same meaning as those defined in the Announcement unless otherwise specified.

PROPOSED ANNUAL CAPS FOR THE DEPOSIT SERVICES

The Company would like to make clarification in relation to the Deposit Services under the Financial Services Agreement entered into by the Company and the Finance Company. The Company proposed the annual caps for the maximum daily deposit amount (including the corresponding interest accrued thereon) by member(s) of the Group with the Finance Company in relation to the Deposit Services from the Effective Date to 31 December 2018 are as follow:

	From Effective Date to 31 December 2016 RMB	From 1 January 2017 to 31 December 2017 RMB	From 1 January 2018 to 31 December 2018 RMB
The Deposit Services	250,000,000	250,000,000	250,000,000

Basis of the Proposed Annual Cap for the Deposit Services:

The proposed annual caps for the Deposit Services were determined after taking into account of the bank balance and cash on hand of the Group as at 30 June 2015 and 31 December 2015 of approximately HK\$192.6 million and approximately HK\$136.20 million, respectively.

The Group is not under any obligation to place deposits to the Finance Company pursuant to the Financial Services Agreement.

Detailed information in relation to Deposit Services and the Financial Services Agreement is set out in the Announcement.

GEM LISTING RULES IMPLICATIONS

Deposits made by member(s) of the Group to the Finance Company represents financial assistance provided by such member(s) to a connected person pursuant to Rule 20.22 (4) of the GEM Listing Rules. Given the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the proposed annual caps for the Deposit Services under the Financial Services Agreement exceeds 25% but are less than 100%, the Deposit Services will constitute a major and continuing connected transaction on the part of the Company pursuant to Chapter 19 and 20 of the GEM Listing Rules and is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements.

In light of the above, in addition to the matters described in the Announcement, the Company will further seek the Independent Shareholders' approval for the applicable transactions under the Financial Services Agreement, including the Deposit Services, and the related proposed annual caps for the period from the Effective Date to 31 December 2018 at the EGM.

By order of the Board
China Ground Source Energy Industry Group Limited
Liu Dajun
Joint Chairman & Executive Director

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises Mr. Liu Dajun, Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine 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.

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 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 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 at 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.