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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)**

## **AMENDMENTS TO ARTICLES OF ASSOCIATION**

The Board proposes to amend the Articles with a view to:

1. bringing the existing Articles in line with (i) the New Companies Ordinance; and (ii) the GEM Listing Rules (as amended) whereby, among other things, the definition of “associate” in Chapter 1 of the GEM Listing Rules is renamed as “close associate”;
2. expressly providing that the Directors may elect among themselves up to two Joint Chairmen of the Board and up to two Deputy Joint Chairmen of the Board.

The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the EGM to be convened by the Company.

A circular to the Shareholders containing, among others, details of the Proposed Amendments to the Articles, together with a notice of the EGM will be despatched to the Shareholders as soon as possible.

### **PROPOSED AMENDMENTS TO THE ARTICLES**

The board (the “**Board**”) of the directors (the “**Directors**”) of China Ground Source Energy Industry Group Limited (the “**Company**”) proposes to amend the Articles of Association (the “**Articles**”) of the Company (the “**Proposed Amendments**”) with a view to:

1. bringing the existing Articles of Associations in line with (i) the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the “**New Companies Ordinance**”); and (ii) the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) (as amended) whereby, among other things, the definition of “associate” in Chapter 1 of the GEM Listing Rules is renamed as “close associate”;

2. expressly providing that the Directors may elect among themselves up to two Joint Chairmen of the Board and up to two Deputy Joint Chairmen of the Board.

The Proposed Amendments are subject to the approval of the shareholders of the Company (the “Shareholders”) by way of a special resolution at the extraordinary general meeting (the “EGM”) to be convened by the Company.

The major Proposed Amendments are set out below:

1. The definition of “Close Associate(s)” is inserted in the Articles and the word “associate(s)” whenever appears in the Articles are replaced by the words “Close Associate(s)” in order to follow the amendment of Appendix 3 to the GEM Listing Rules which disallows a director to vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest or be counted in the quorum present at the meeting.
2. A new provision is inserted in the Articles in order to follow paragraph 12 in Appendix 3 to the GEM Listing Rules in providing that no power shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person who is interested directly or indirectly therein has failed to disclose his interests to the Company.
3. A new provision is inserted in the Articles in order to follow paragraph 1(2) in Appendix 3 to the GEM Listing Rules in providing that fully paid shares of the Company shall be free from any restriction on the right of transfer (except when permitted by the designated stock exchange) and shall also be free from all lien.
4. New definitions of “Chairman” (which means each of the two Joint Chairmen of the Board) and “Deputy Chairman” (which means each of the two Deputy Joint Chairmen of the Board) are inserted in the Articles. Provisions in the Articles are amended to expressly provide that the Directors may elect among themselves up to two Joint Chairmen of the Board and up to two Deputy Joint Chairmen of the Board, and to set out the mechanism in choosing the chairman of the meetings of the Board or Shareholders (as the case may be) among those Joint Chairmen and Deputy Joint Chairmen.
5. The provisions in the Articles are updated in order to reflect the changes in the New Companies Ordinance relating to fair dealings by the Directors.

The legal advisors to the Company as to Hong Kong laws and Cayman Islands laws have respectively confirmed that the Proposed Amendments comply with the requirements of the GEM Listing Rules and do not contravene the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the proposed amendments to the Articles.

By order of the Board  
**China Ground Source Energy Industry Group Limited**  
**Xu Shengheng**  
*Joint Chairman & Executive Director*

Hong Kong, 29 August 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](http://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](http://www.cgsenergy.com.hk).*