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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)

VOLUNTARY ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of China Ground Source Energy Industry Group Limited (the “**Company**”) wishes to announce that despite the relevant resolution (the “**Resolution**”) regarding amending the Company’s articles of association (the “**Articles**”) to expressly provide that the Directors may elect among themselves up to two joint chairmen (the “**Joint Chairmen**”) of the Board was not passed at the Company’s extraordinary general meeting held on 26 September 2016 (the “**EGM**”), the Board, based on the grounds as listed below, will continue to adopt the arrangement of having two Joint Chairmen (the “**Arrangement**”).

After the EGM, 中國節能環保(香港)投資有限公司 (“**CECEP(HK)**”, a substantial shareholder of the Company holding 850,000,000 shares of the Company, representing approximately 29.55% equity interest in the Company as of the date of EGM and the date of this announcement) confirmed with the Company that having considered the current structure of the Board and the Company, they supported the adoption of the Arrangement despite they voted against the Resolution at the EGM which was only because they considered the Arrangement did not contravene the Articles and the amendment of the Articles for this purpose was not necessary.

In addition, with the support of relevant Cayman Islands legal advice, the Directors concluded that the Arrangement would not contravene the Articles or the applicable Cayman Islands laws. As a result, the Board is of the view that retaining the Arrangement would not be against the wishes of the majority of the Company’s shareholders (the “**Shareholders**”) and is in the interest of the Company and the Shareholders as a whole.

By Order of the Board

China Ground Source Energy Industry Group Limited

Xu Shengheng

Joint Chairman & Executive Director

Hong Kong, 3 November 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 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 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.