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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)**

**VARIATION TO TERMS  
OF  
DISCLOSEABLE TRANSACTION  
ACQUISITION OF PROPERTY HOLDING COMPANY**

Reference is made to the Company's announcement dated 31 December 2014 (the "**Announcement**") in relation to the Acquisition. Terms defined in the Announcement shall have the same meanings when used herein, unless the context requires otherwise.

**VARIATION TO TERMS**

On 30 December 2016 (after trading hours of the Stock Exchange), HYY Hangzhou (an indirect wholly owned subsidiary of the Company, as Purchaser to the S&P Agreement), HK Goodway (as Seller to the S&P Agreement), Mr. Chen Zaixian (as Guarantor to the S&P Agreement) and HYY Investment Management Ltd.\* (an indirect wholly owned subsidiary of the Company) entered into a Supplemental Agreement (the "**Supplemental Agreement**"), pursuant to which certain terms to the S&P Agreement have been amended.

- (1) The consideration of the Acquisition is reduced from RMB93,000,000 to RMB65,100,000.
- (2) The transferee of the equity interests transfer of Hangzhou Goodway shall be changed to HYY Investment Management Ltd.\*

Save for the amendments mentioned above and corresponding amendments thereto, all material terms to the S&P Agreement remain unchanged.

**REASONS FOR THE VARIATION OF TERMS**

The reason for the variation of terms is due to non-compliance of the commitments by the Seller to discharge the guarantee obligation by Hangzhou Goodway which also caused the delay of completion of the Acquisition. In consideration of the Subject Land located in the quality region of Hangzhou where is also a target region for the Group's business expansion and the potential appreciation in

value, the Board considered that the Acquisition is still worth to proceed. Through several discussion, all parties agreed to reduce the consideration to RMB65,100,000. Pursuant to the Supplemental Agreement, the Seller shall still bear all the legal and financial obligations in relation to the guarantee obligation in accordance with the S&P Agreement.

The Directors (including the independent non-executive Directors) considered that the Supplemental Agreement are on normal commercial terms and in the ordinary and usual course of business, and that the variation of terms to the S&P Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT HYY INVESTMENT MANAGEMENT LTD.**

HYY Investment Management Ltd.\*, an indirect wholly owned subsidiary of the Company, which is incorporated in the PRC with limited liability and is an investment holding company.

By order of the Board  
**CHINA GROUND SOURCE ENERGY INDUSTRY GROUP LIMITED**  
**Xu Shengheng**  
*Joint Chairman & Executive Director*

Hong Kong, 30 December 2016

*As at the date of this announcement, the Board comprises Mr. Liu Dajun, Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine, Mr. Wang Manquan, Mr. Zang Yiran and Mr. Dai Qi as executive Directors, Mr. Zhao Youmin as non-executive Director, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Zhang Honghai, Mr. Wu Qiang and Mr. Guo Qingui 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](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).*

\* *for identification purpose only*