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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)**

**UPDATE ON (I) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES AT THE RIGHTS ISSUE PRICE OF HK\$0.10 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE; AND (II) APPLICATION FOR WHITEWASH WAIVER**

Reference is made to the announcements of China Ground Source Energy Industry Group Limited (the “**Company**”) (i) dated 12 April 2017 in relation to, among other things, the proposed Rights Issue, the Underwriting Agreement and the Whitewash Waiver (the “**Announcement**”); and (ii) dated 4 May 2017 in relation to the delay in despatch of the circular (the “**May Announcement**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as those defined in the Announcement and the May Announcement.

The Board wishes to inform the Shareholders and potential investors of the Company that further to the May announcement, the Company is still in the course of finalising certain information to be included in the Circular.

As disclosed in the May announcement, it is aimed that the Circular will be despatched to the Shareholders on or before 19 May 2017.

Further monthly announcement(s) will be made by the Company in accordance with the GEM Listing Rules and the Takeovers Code (as the case may be) on the status and progress in connection with the Whitewash Waiver and the despatch of the Circular as and when appropriate.

**It should be noted that the Rights Issue is subject to a number of conditions, which may or may not be fulfilled. In addition, the Whitewash Waiver may or may not be granted. The Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.**

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

Hong Kong, 12 May 2017

*As at the date of this announcement, the Board comprises Mr. An Yi, 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. 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in 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).*