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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)

**(I) DESPATCH OF CIRCULAR RELATING TO
THE 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
APPLICATION FOR WHITEWASH WAIVER
AND
(II) CLOSURE OF REGISTER OF MEMBERS**

References are made to the announcement of China Ground Source Energy Industry Group Limited (the “**Company**”) dated 12 April 2017 in relation to, among other things, the proposed Rights Issue, the Underwriting Agreement and the Whitewash Waiver (the “**Announcement**”) and the circular of the Company dated 19 May 2017 (the “**Circular**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as those defined in the Circular.

DESPATCH OF THE CIRCULAR

The Circular containing, amongst other things, (i) further details of the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Whitewash Waiver; (iii) a letter of advice from Asian Capital to the Independent Board Committee and the Independent Shareholders in relation to the Whitewash Waiver; and (iv) a notice of the EGM, has been despatched to the Shareholders on 19 May 2017.

Independent Shareholders are advised to read (i) the letter from the Independent Board Committee; and (ii) the letter from Asian Capital to the Independent Board Committee and the Independent Shareholders contained in the Circular before making their voting decisions in respect of the resolution approving the Whitewash Waiver.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 June 2017 to Friday, 23 June 2017 (both days inclusive) to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company in Hong Kong on the Record Date, which is currently expected to be Friday, 23 June 2017. In order to be registered as a member of the Company in Hong Kong on the Record Date, any transfer of Shares (together with the relevant title documents) must be lodged with the Hong Kong branch share registrar and transfer office for registration by 4:30 p.m. on Friday, 16 June 2017.

WARNING OF RISKS OF DEALINGS IN THE SHARES AND RIGHT SHARES

The Rights Issue is conditional upon, among others, the Underwriting Agreement becoming unconditional and the Underwriters not terminating the Underwriting Agreement in accordance with its terms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed "The Underwriting Agreement" under the section headed "Letter from the Board" in the Circular for further details.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Thursday, 15 June 2017. The Rights Shares will be dealt with in their nil-paid form from Wednesday, 28 June 2017 to Wednesday, 5 July 2017 (both days inclusive). Any Shareholders or other persons dealing in the Shares or in the Rights Shares in their nil-paid form up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 11 July 2017) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing the Shares or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

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

Hong Kong, 19 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 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.