

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**RESULTS OF THE RIGHTS ISSUE
ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY
FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE
AT THE RIGHTS ISSUE PRICE OF
HK\$0.10 PER RIGHTS SHARE
AND
RELATED ADJUSTMENTS TO SHARE OPTIONS**

Financial adviser to the Company



國泰君安國際

GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

RESULTS OF THE RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE AT THE RIGHTS ISSUE PRICE OF HK\$0.10 PER RIGHTS SHARE

The Board of the Company is pleased to announce that all of the conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriters on or before the Latest Time for Termination. Accordingly, the Rights Issue and the Underwriting Agreement became unconditional at 4:00 p.m. on Tuesday, 11 July 2017.

At 4:00 p.m. on Monday, 10 July 2017 (Hong Kong time), being the Latest Time for Acceptance, (i) a total of 16 valid acceptances of provisional allotments had been received for a total of 891,102,248 Rights Shares, representing approximately 77.45% of the total number of Rights Shares available for subscription under the Rights Issue; and (ii) a total of 14 valid applications for excess Rights Shares had been received for a total of 4,706,635,997 Rights Shares, representing approximately 409.08% of the total number of Rights Shares available for subscription under the Rights Issue. In aggregate, a total of 30 valid acceptance and

applications in respect of 5,597,738,245 Rights Shares had been received, representing approximately 486.53% of the total number of Rights Shares available for subscription under the Rights Issue.

Based on the above results of acceptance and application, the Rights Issue was over-subscribed by 4,447,188,199 Rights Shares, representing approximately 386.53% of the total number of 1,150,550,046 Rights Shares available for subscription under the Rights Issue. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters in respect of the Underwritten Shares have been fully discharged and the Underwriters are not required to take up any Underwritten Shares.

It is expected that the share certificates for all fully-paid Rights Shares (including the excess Rights Shares) will be despatched to those entitled thereto by ordinary post at their own risk on Tuesday, 18 July 2017.

Dealings in the fully-paid Rights Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Wednesday, 19 July 2017.

ADJUSTMENTS IN RELATION TO THE OUTSTANDING SHARE OPTIONS

As a result of the Rights Issue, adjustments to the number of Shares falling to be issued upon the exercise of the subscription rights attached to the outstanding Share Options and the related exercise prices will be made under the relevant rules of the Share Option Scheme, Rule 23.03(13) of the GEM Listing Rules and the supplementary guidelines regarding the adjustments to share options issued by the Stock Exchange on 5 September 2005.

Reference is made to the announcement dated 12 April 2017 (the “**Announcement**”), the circular dated 19 May 2017 (the “**Circular**”) and the prospectus dated 26 June 2017 (the “**Prospectus**”) issued by China Ground Source Energy Industry Group Limited (the “**Company**”) in relation to the Rights Issue. Unless provided otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, the Circular and the Prospectus.

RESULTS OF THE RIGHTS ISSUE

The board of directors (the “**Board**”) of the Company is pleased to announce that all of the conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriters on or before the Latest Time for Termination. Accordingly, the Rights Issue and the Underwriting Agreement became unconditional at 4:00 p.m. on Tuesday, 11 July 2017.

At 4:00 p.m. on Monday, 10 July 2017 (Hong Kong time), being the Latest Time for Acceptance, (i) a total of 16 valid acceptances of provisional allotments had been received for a total of 891,102,248 Rights Shares, representing approximately 77.45% of the total number of Rights Shares available for subscription under the Rights Issue; and (ii) a total of 14 valid applications for excess Rights Shares had been received for a total of 4,706,635,997 Rights Shares, representing approximately 409.08% of the total number of Rights Shares available for subscription under the Rights Issue. In aggregate, a total of 30 valid acceptance and applications in respect of 5,597,738,245 Rights Shares had been received, representing approximately 486.53% of the total number of Rights Shares available for subscription under the Rights Issue.

UNDERWRITING AGREEMENT

Based on the above results of acceptance and application, the Rights Issue was over-subscribed by 4,447,188,199 Rights Shares, representing approximately 386.53% of the total number of 1,150,550,046 Rights Shares available for subscription under the Rights Issue. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters in respect of the Underwritten Shares have been fully discharged and the Underwriters are not required to take up any Underwritten Shares.

EXCESS RIGHTS SHARES

In view of the over-subscription of the Rights Shares, the Board has resolved to allot and issue 259,447,798 Rights Shares to those who have applied for excess Rights Shares on a pro-rata basis of approximately 5.51% of the number of excess Rights Shares applied for under each valid application.

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the shareholding structure of the Company immediately before and after completion of the Rights Issue is as follows:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>No. of Shares held</i>	<i>Approximate %</i>	<i>No. of Shares held</i>	<i>Approximate %</i>
CECEP (Hong Kong)	850,000,000	29.55	1,190,000,000	29.55
Mr. Xu and his spouse (Note 1)	509,021,000	17.70	712,629,400	17.70
Ms. Chan and her spouse (Note 2)	<u>51,710,000</u>	<u>1.80</u>	<u>72,394,000</u>	<u>1.80</u>
Sub-total	1,410,731,000	49.05	1,975,023,400	49.05
Other Shareholders	<u>1,465,644,117</u>	<u>50.95</u>	<u>2,051,901,763</u>	<u>50.95</u>
Total	<u><u>2,876,375,117</u></u>	<u><u>100.00</u></u>	<u><u>4,026,925,163</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Xu is an executive Director and the joint Chairman of the Company and is directly interested in 711,646,600 Shares immediately upon the completion of the Rights Issue. Mr. Xu's spouse is directly interested in 982,800 Shares immediately upon the completion of the Rights Issue.
2. Ms. Chan is an executive Director and is directly interested in 58,290,400 Shares immediately upon the completion of the Rights Issue. Ms. Chan's spouse is directly interested in 14,103,600 Shares immediately upon the completion of the Rights Issue.

DESPATCH OF SHARE CERTIFICATES FOR FULLY-PAID RIGHTS SHARES

It is expected that the share certificates for all fully-paid Rights Shares (including the excess Rights Shares) will be despatched to those entitled thereto by ordinary post at their own risk on Tuesday, 18 July 2017.

COMMENCEMENT OF DEALINGS IN THE FULLY-PAID RIGHTS SHARES

Dealings in the fully-paid Rights Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Wednesday, 19 July 2017.

RELATED ADJUSTMENTS TO THE SHARE OPTIONS

Adjustments to the number of Shares falling to be issued upon the exercise of the subscription rights attached to the outstanding Share Options and the related exercise prices will be made under the relevant rules of the Share Option Scheme, Rule 23.03(13) of the GEM Listing Rules and the supplementary guidelines regarding the adjustments to share options issued by the Stock Exchange on 5 September 2005 (the “**Supplementary Guidance**”) upon the allotment and issue of the Rights Shares.

Details of the adjustments to the outstanding Share Options (the “**Adjustments**”) are as follows:

Date of grant	Exercise Period	Before Adjustments		After Adjustments	
		Exercise price per Share HK\$	No. of Shares to be allotted and issued upon the exercise of the subscription rights attached to the outstanding Share Options	Exercise price per Share HK\$	No. of Shares to be allotted and issued upon the exercise of the subscription rights attached to the outstanding Share Options
9 September 2010	9 September 2010 to 8 September 2020	0.426	50,388,000	0.379	56,574,249
9 September 2010	9 September 2011 to 8 September 2020	0.426	31,666,667	0.379	35,554,456
9 September 2010	9 September 2012 to 8 September 2020	0.426	31,666,667	0.379	35,554,456
9 September 2010	9 September 2013 to 8 September 2020	0.426	31,666,666	0.379	35,554,455
8 December 2016	8 December 2016 to 7 December 2020	0.300	71,600,000	0.267	80,390,495
8 December 2016	8 December 2017 to 7 December 2020	0.300	108,016,000	0.267	121,277,370
8 December 2016	8 December 2018 to 7 December 2020	0.300	108,016,000	0.267	121,277,370

The Adjustments will become effective on the date of allotment and issue of the Rights Shares. Hooray Capital Limited, independent financial adviser to the Company, has certified in writing that the Adjustments are in compliance with the rules and terms of the Share Option Scheme, the requirements as set out in Chapter 23 of the GEM Listing Rules and the Supplementary Guidance.

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

Hong Kong, 17 July 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.