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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)

**DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF BEIJING LIFE INSURANCE CO., LTD.***

On 8 June 2016, Ever Source Investment, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement with the Other Promoters for establishment of Beijing Life Insurance and will contribute share capital of RMB142,990,000. After the establishment of Beijing Life Insurance, Ever Source Investment will hold 4.9997% shareholding in Beijing Life Insurance.

GEM LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined in Chapter 19 of the GEM Listing Rules) for the Investment exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules which is subject to reporting and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules but is exempt from the Shareholders' approval requirements.

The Board is pleased to announce that, on 8 June 2016, Ever Source Investment, a wholly-owned subsidiary of the Company, entered into the Promoters Agreement with the Other Promoters for the establishment of Beijing Life Insurance.

THE PROMOTERS AGREEMENT

The key terms of the Promoters Agreement are set out below:

Date:

8 June 2016

Parties:

Ever Source Investment and the Other Promoters

CONTENTS OF THE PROMOTERS AGREEMENT

Pursuant to the Promoters Agreement, the Promoters shall jointly establish Beijing Life Insurance.

Name:	Beijing Life Insurance Co., Ltd. *(北京人壽保險股份有限公司)
Place of Incorporation:	Beijing
Business Scope:	<p>Life insurance, health insurance, accident insurance and other types of personal insurance business; the business of the reinsurance of the above businesses; the management of insurance funds business that allowed by the national laws and regulations and other business approved by the CIRC.</p> <p>Beijing Life Insurance can modify the above business scope according to the actual business needs, but the scope of business is finally subject to the confirmation by CIRC and the registration with State Administration for Industry and Commerce.</p>
Registered Share Capital:	The registered capital is RMB2.86 billion. All share capital is made up of ordinary shares of equal value. The total number of shares is 2.86 billion shares with nominal value of RMB1 each. All ordinary shares shall rank pari passu among each other.
Capital Contributors, Contribution, Number of Subscription Shares, Percentage of Total Share Capital and Way of Contribution:	<p>The Promoters shall subscribe the shares of Beijing Life Insurance in Renminbi at the subscription price of RMB1 per share.</p> <p>Ever Source Investment will contribute RMB142,990,000 to subscribe 142,990,000 shares (equivalent to 4.9997% shareholding) of Beijing Life Insurance.</p> <p>The Other Promoters will in aggregate contribute RMB2,717,010,000 to subscribe 2,717,010,000 shares (equivalent to 95.0003% shareholding) of Beijing Life Insurance.</p>
Time of capital contribution:	The Promoters shall pay all the capital contribution pursuant to the “Company Law of the People’s Republic of China” and the above-mentioned provisions after the approval of the establishment of Beijing Life Insurance by CIRC, and all the capital contribution shall be paid to the capital contribution account.

Establishment works: The Promoters agreed to form an organizing committee of Beijing Life Insurance within 30 days from the date of obtaining the approval of the CIRC for the establishment of Beijing Life Insurance.

Unless otherwise agreed by the Promoters, the organizing committee of Beijing Life Insurance shall complete the establishment work within 12 months after CIRC has granted its approval for the establishment of Beijing Life Insurance. With the approval of the CIRC, the period for completion of the establishment works can be extended to 15 months.

The organizing committee of Beijing Life Insurance shall submit a written application for commencement of business to the CIRC within 10 days from the date of completion of the establishment works. Within 30 days after the approval given to Beijing Life Insurance by CIRC for commencement of business and the issue of the “Permit for operating insurance business”, the organizing committee of Beijing Life Insurance shall process the registration formalities with the administrations for industry and commerce departments for Beijing Life Insurance.

Distribution of profits: The Promoters agreed that Beijing Life Insurance shall not distribute or pay any dividends unless the following conditions are met:

1. two years after the establishment of Beijing Life Insurance;
2. all the solvency ratios of Beijing Life Insurance is equal to or exceed the standards set by the CIRC.

Consideration

According to the Promoters Agreement, Ever Source Investment shall contribute RMB142,990,000 as the Investment and which shall be paid in Renminbi by cash. The funds required for the Investment shall be financed by the Group’s internal resources.

The amount of Investment was arrived at after arm’s length negotiations between Ever Source Investment and the Other Promoters after taking into account the required capital of Beijing Life Insurance and the expected size of the business.

Information relating to Ever Source Investment

The Company is an investment holding company, whose subsidiaries are principally engaged in the research, development and promotion of shallow ground source energy as alternative energy to provide heating for buildings and is committed to the industrialization development of the original technology which can accelerate the all-around upgrade and transformation of the traditional heating industry with combustion, emissions and pollution to an emerging industry of combustion-free integrated heating and cooling system with shallow ground source energy.

Ever Source Investment, a company incorporated in the PRC with limited liability, is an indirect wholly owned subsidiary of the Company which is also an investment holding company.

Information about the Other Promoters

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Other Promoters (all of them are limited companies) and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF ESTABLISHMENT OF BEIJING LIFE INSURANCE

The Directors believed that participation in the establishment of Beijing Life Insurance will enable the Group to expand the ground source energy industrial base in the field of insurance industry and enhance the income base of the Group. At the same time, it will attract funds from the insurance industry to enter into the emerging industry of integrated heating and cooling system with shallow ground source energy so as to achieve the purpose of combining the industry and financing which will bring long-term benefits for the Company and its Shareholders.

The Board (including the independent non-executive directors) considered that the terms of the Promoters Agreement have been arrived at after arm's length negotiations between the parties and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GEM Listing Rules Implication

As the applicable percentage ratios (as defined in Chapter 19 of the GEM Listing Rules) for the Investment exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules which is subject to reporting and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules but is exempt from the Shareholders' approval requirements.

Definitions

In this announcement, the following expressions have the following meanings unless the context otherwise requires:–

“Beijing Life Insurance”	Beijing Life Insurance Co., Ltd.*(北京人壽保險股份有限公司)
“Board”	the board of Directors
“CIRC”	China Insurance Regulatory Commission
“Company”	China Ground Source Energy Industry Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“connected person(S)”	has the meaning ascribed thereto under the GEM Listing Rules and the word “connected” shall be construed accordingly
“Directors”	the directors of the Company
“Ever Source Investment”	Ever Source Investment Co., Ltd.*(恒有源投資管理有限公司), an indirect wholly owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of and not connected with the Company, its subsidiaries and its connected persons
“Investment”	Ever Source Investment’s contribution of RMB142,990,000 for subscribing 142,990,000 shares (equivalent to 4.9997%) of Beijing Life Insurance
“Other Promoters”	eight Independent Third Parties which have signed the Promoters Agreement with Ever Source Investment.

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Promoters”	Ever Source Investment and the Other Promoters
“Promoters Agreement”	the agreement for establishment of Beijing Life Insurance entered into between Ever Source Investment and the Other Promoters on 8 June 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent

* For identification purpose only

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

Hong Kong, 5 September 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.

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.