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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)

PROPOSED CHANGE OF AUDITOR

This announcement is made by China Ground Source Energy Industry Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 17.50(4) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The board (the “Board”) of directors (the “Directors”) of the Company was informed by SHINEWING (HK) CPA Limited (“SHINEWING”) that, after careful consideration and taking account of various factors (including their internal resources corresponding to the Group’s current business development), SHINEWING decided to resign as the auditor of the Group with effect from 9 November 2017. The Board considered that, as the Company’s business is expanding speedily and in order to meet the Group’s business development, an international audit firm may be able to provide better international support and more ancillary services for the Group to cope with its future business development.

SHINEWING confirmed that there were no matters and circumstances connected with its resignation which it considered should be brought to the attention of the shareholders of the Company (the “Shareholders”). The Board confirmed that there is no disagreement between SHINEWING and the Company, and there are no matters in respect of the change of the auditors that need to be brought to the attention of the Shareholders.

The Board proposes, with the recommendation from the audit committee of the Company, to appoint Ernst & Young as new auditor of the Group (the “Proposed Appointment”) subject to the approval of the Shareholders, to fill the casual vacancy following the resignation of SHINEWING and to hold office until the conclusion of the next annual general meeting of the Company. Pursuant to the articles of association of the Company, the Directors shall as soon as practicable convene the extraordinary general meeting (the “EGM”) to allow the Shareholders to approve the Proposed Appointment by an ordinary resolution.

The Board confirms that SHINEWING has not yet commenced any audit work on the accounts of the Group for the year ending 31 December 2017. It is expected that the change of auditor will not have any significant impact on the annual results for the year ending 31 December 2017 provided that the required Shareholders' approval at the EGM for the Proposed Appointment is duly obtained.

A circular containing further details of the change of auditor of the Group together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

The Board would like to take this opportunity to thank SHINEWING for its professional services and support in the past years.

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

Hong Kong, 9 November 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.