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CHINA GROUND SOURCE ENERGY LIMITED

中國地能有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

**RESIGNATION OF INDEPENDENT NON-EXECUTIVE
DIRECTOR AND MEMBERS OF AUDIT COMMITTEE AND
REMUNERATION COMMITTEE**

The Board of Directors (the “Board”) of China Ground Source Energy Limited (the “Company”) announces that Mr. Yau Kiam Fee (“Mr. Yau”), has tendered his resignation as independent non-executive director, a member of the audit committee and a member of the remuneration committee of the Company with effect from 1 February 2012 due to health reason.

Mr. Yau has confirmed that there is no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

Following the resignation of Mr. Yau, the Company has only two independent non-executive Directors and the audit committee of the Company comprises only two members, which falls below the minimum number as required under Rule 5.05(1) and Rule 5.28 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) respectively. In order to meet the requirements under the GEM Listing Rules, the Company is endeavouring to identify suitable candidate to fill the vacancies. Further announcement will be made by the Company when the additional independent non-executive Director has been appointed.

The Board would like to express its sincere gratitude to Mr. Yau for his contribution to the Group during his tenure of directorship.

As at the date of this announcement, the Board comprises Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng and Mr. Wu Shu Min as executive Directors, Mr. Fu Hui Zhong as non-executive Director, Mr. Jia Wenzeng and Mr. Paul Chow Wan Hoi as independent non-executive Directors.

By order of the board of
China Ground Source Energy Limited
Chan Wai Kay, Katherine
Chairman

Hong Kong, 2 February 2012

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.