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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)

CHANGE OF DIRECTORS

This announcement is made pursuant to Rule 17.50(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

APPOINTMENT OF EXECUTIVE DIRECTOR AND NON-EXECUTIVE DIRECTORS

The Board (“Board”) of directors (“Directors”) of China Ground Source Energy Limited (the “Company”) hereby announces that, with effect from 24 August 2012, Mr. Zheng Qiyu has been appointed as executive Director of the Company and Ms. Wu Xiaohua, Ms. Xu Genhong and Mr. Zang Yiran have been appointed as non-executive Director of the Company.

The biographical details of Mr. Zheng are set out as follows:

Mr. Zheng Qiyu (“Mr. Zheng”), aged 58, holds a Bachelor’s degree of Economics from Beijing Institute of Economics, a Master’s degree of Economics from Nankai University and a Master’s degree of Geological Engineering from Jilin University. He holds a Registered Qualification Certificate for Constructor (Hydraulic Engineering) with a researcher title. He commenced his career in 1985. He had been an officer, Director of Professional Qualification Reform Office, Deputy Chief and Chief of Labour Affairs Office in Beijing Municipal Bureau of Geology and Mineral Exploration (北京地礦局), Head of Beijing Institute of Geology for Mineral Resources (北京地質研究所), Head of Beijing Municipal Bureau of Geology and Mineral Exploration (北京地礦局) and its Department Service (地礦部服局), General Manager of China Geo-Engineering Company (中國地質工程公司), Chairman and Deputy Secretary of the Party Committee of China Geo-Engineering Corporation (中國地質工程集團公司) and Deputy General Manager of China New Era Group Corporation (中國新時代(控股)集團公司). He is currently Deputy General Manager of China Energy Conservation and Environmental

Protection Group (“CECEP”) and Chairman of China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Ltd., a substantial shareholder of the Company holding 29.16% of the issued share capital of the Company as at the date of this announcement.

Save as disclosed above, as at the date of this announcement, Mr. Zheng does not hold any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company. Mr. Zheng has no interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zheng did not hold any directorships in any listed companies in the past three years.

Mr. Zheng will enter into an appointment letter with the Company in respect of his appointment as executive Director for a term of five years commencing from 24 August 2012 which can be terminated by either party by giving not less than three month’s written notice to the other.

Pursuant to the Company’s Articles of Association, Mr. Zheng is subject to retirement by rotation and re-election at general meetings of the Company. Currently, the director’s emoluments for Mr. Zheng has yet to determine. Should there be any agreement made between Mr. Zheng and the Company in relation to his director’s emoluments in the future, further disclosure will be made accordingly.

The biographical details of Ms. Wu are set out as follows:

Ms. Wu Xiaohua (“Ms. Wu”), aged 49, graduated from Peking University with a PhD degree. She took her first job in March 1988 and worked as a lecturer for Department of Meteorology in Meteorology College of Nanjing University. She had been served as a Programme Officer in The Administrative Center for China’s Agenda 21, a Project Manager in International Cooperation Department of China Energy Conservation Investment Corporation (CECIC), a Senior Business Manager for Project Investment Management Department of CECIC, a Deputy General Manager for CECIC Biomass Energy Investment Corporation (中節能生物質能投資有限公司), a Deputy Director (the equivalent of Director) of Strategic Investment Department of CECIC, a Deputy Director (the equivalent of Director) of Strategic Management Department of China Energy Conservation and Environmental Protection Group (CECEP). She is currently an executive director and the General Manager for China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Ltd., a substantial shareholder of the Company holding 29.16% of the issued share capital of the Company as at the date of this announcement.

Save as disclosed above, as at the date of this announcement, Ms. Wu does not hold any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company. Ms. Wu has no interests in the shares of the Company within the meaning of Part XV of the SFO. Ms. Wu did not hold any directorships in any listed companies in the past three years.

Ms. Wu will enter into an appointment letter with the Company in respect of her appointment as non-executive Director for a term of five years commencing from 24 August 2012 which can be terminated by either party by giving not less than three month's written notice to the other.

Pursuant to the Company's Articles of Association, Ms. Wu is subject to retirement by rotation and re-election at general meetings of the Company. Currently, the director's fee for Ms. Wu has yet to determine. Should there be any agreement made between Ms. Wu and the Company in relation to her director's fee in the future, further disclosure will be made accordingly.

The biographical details of Ms. Xu are set out as follows:

Ms. Xu Genghong ("Ms. Xu"), aged 46, holds a Bachelor's degree of law from Jilin University and she is a solicitor and a senior economist. She commenced her career in 1988 and had been a legal advisor for Harbin Power Plant Equipment Import and Export Corporation (哈爾濱電站設備進出口公司) of Harbin Electric Corporation, a Legal Secretary for Board Secretaries Department of Harbin Power Equipment Company Limited of Harbin Electric Corporation, a legal advisor for Harbin Power Engineering Company Limited of Harbin Electric Corporation, Chief of General Manager's Office, a legal advisor for Operation and Management Department, Director of Legal Affairs Department and the General Counsel of Harbin Power Engineering Company Limited and the General Counsel of China New Era Group Corporation. She is currently Deputy Director (the equivalent of Director) for Legal Department of CECEP and a non-executive director of China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Ltd., a substantial shareholder of the Company holding 29.16% of the issued share capital of the Company as at the date of this announcement.

Save as disclosed above, as at the date of this announcement, Ms. Xu does not hold any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company. Ms. Xu has no interests in the shares of the Company within the meaning of Part XV of the SFO. Ms. Xu did not hold any directorships in any listed companies in the past three years.

Ms. Xu will enter into an appointment letter with the Company in respect of her appointment as non-executive Director for a term of five years commencing from 24 August 2012 which can be terminated by either party by giving not less than three month's written notice to the other.

Pursuant to the Company's Articles of Association, Ms. Xu is subject to retirement by rotation and re-election at general meetings of the Company. Currently, the director's fee for Ms. Xu has yet to determine. Should there be any agreement made between Ms. Xu and the Company in relation to her director's fee in the future, further disclosure will be made accordingly.

The biographical details of Mr. Zang are set out as follows:

Mr. Zang Yiran (“Mr. Zang”), aged 34, graduated from Tianjin University of Finance & Economics with a Bachelor’s degree. He commenced his career in September 1999 and worked as a director in Responsibility Accounting Centre of the Capital Operation Department of Tianjin First Center Hospital, a Business Manager of Financial Management Department of CECIC, an assistant to the Director of Financial Management Department of CECIC, an assistant to the Director of Financial Management Department of CECEP. He is currently the Deputy General Manager for China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Ltd., a substantial shareholder of the Company holding 29.16% of the issued share capital of the Company as at the date of this announcement.

Save as disclosed above, as at the date of this announcement, Mr. Zang does not hold any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company. Mr. Zang has no interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zang did not hold any directorships in any listed companies in the past three years.

Mr. Zang will enter into an appointment letter with the Company in respect of his appointment as non-executive Director for a term of five years commencing from 24 August 2012 which can be terminated by either party by giving not less than three month’s written notice to the other.

Pursuant to the Company’s Articles of Association, Mr. Zang is subject to retirement by rotation and re-election at general meetings of the Company. Currently, the director’s fee for Mr. Zang has yet to determine. Should there be any agreement made between Mr. Zang and the Company in relation to his director’s fee in the future, further disclosure will be made accordingly.

Save as disclosed above, there are no other information in relation to the appointments of Mr. Zheng, Ms. Wu, Ms. Xu and Mr. Zang which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the shareholders of the Company.

RESIGNATION OF NON-EXECUTIVE DIRECTOR

The Board further announces that due to more time required for devotion into her other business commitments, Ms. Luk Hoi Man (“Ms. Luk”) has tendered a resignation notice resigning as non-executive Director of the Company with effect from 24 August 2012.

Ms. Luk has confirmed that she has no disagreement with the Board and there is no matter in relation to her resignation that needs to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to express its appreciation to Ms. Luk for her contributions to the Company during her tenure of office as non-executive Director of the Company.

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

Hong Kong, 24 August 2012

As at the date of this announcement, the Board comprises Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng and Mr. Zheng Qiyu as executive Directors, Ms. Wu Xiaohua, Ms. Xu Genghong and Mr. Zang Yiran as non-executive Directors, Mr. Jia Wenzeng, Mr. Wu Desheng and Mr. Hu Zhaoguang 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 GEM Listing Rules 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