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CGS

CHINA GROUND SOURCE ENERGY LIMITED

中國地能有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

POSITIVE PROFIT ALERT

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The board of directors (the “Board”) of China Ground Source Energy Limited (the “Company”) is pleased to inform the shareholders of the Company and potential investors that it is expected that the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2012 (the “Annual Results”) will record a significant increase in net profit as compared with the net profit for the corresponding period last year.

Such increase in the net profit was mainly attributable to (i) the increase in the gross profits of the sales and installation of shallow ground energy utilisation system achieved by the Group’s optimization on customers’ orders; and (ii) the fair value changes on investment property of the Group.

As the Company is still in the process of finalizing the Annual Results, the information contained in this announcement is only based on the preliminary assessment by the Company’s management according to the unaudited consolidated management accounts of the Group for the year ended 31 March 2012 which have not been audited or confirmed by the Company’s auditors. The audited Annual Results announcement of the Group for the year ended 31 March 2012 is expected to be released before the end of June 2012.

SHAREHOLDERS OF THE COMPANY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY.

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

Hong Kong, 30 May 2012

As at the date of this announcement, the Board comprises Ms. Chan Wai Kay, Katherine, and Mr. Xu Shengheng as executive Directors, Ms. Luk Hoi Man as non-executive Director, Mr. Jia Wenzeng, Mr. Paul Chow Wan Hoi and Mr. Wu De Sheng 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