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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)

Placing Agent

Pacific Foundation Securities Limited

COMPLETION OF PLACING

PLACING OF NEW SHARES

The Board is pleased to announce that all conditions set out in the Placing Agreement have been fulfilled and the Placing was completed on 26 June 2009 in accordance with the terms and conditions of the Placing Agreement. An aggregate of 1,100,000,000 Placing Shares, representing approximately 16.29% of the issued share capital of the Company as at the date of this announcement, have been successfully placed to not less than six placees, who and whose ultimate beneficial owners are not connected persons of the Company and its connected persons, at the Placing Price of HK\$0.078 per Placing Share.

The net proceeds from the Placing are approximately HK\$85.15 Million.

Reference is made to the announcement of the Company dated 25 May 2009 (the “**Announcement**”) in relation to the Placing under the General Mandate. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless otherwise stated.

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The net proceeds from the Placing are approximately HK\$85.15 Million.

None of the Placees became a substantial shareholder (as defined in the GEM Listing Rules) of the Company as a result of the Placing.

The table below set out the changes to the shareholding structure of the Company as a result of completion of the Placing.

Shareholders	Immediately before the Placing		As at the date of this announcement	
	Number of Shares	%	Number of Shares	%
Ms. Chan Wai Kay Katherine (Note 1)	40,296,000	0.71	40,296,000	0.60
Mr. Wu Shu Min (Note 2)	146,023,000	2.58	146,023,000	2.16
Mr. Xu Shengheng (Note 3)	1,022,568,000	18.09	1,022,568,000	15.14
Financial International Holdings Ltd (Note 4)	509,468,000	9.01	509,468,000	7.55
Ms. Cheung Kwan (Note 4)	183,160,000	3.24	183,160,000	2.71
Public Shareholders				
The Placees (Note 5)	–	–	1,100,000,000	16.29
Other	<u>3,751,597,470</u>	<u>66.37</u>	<u>3,751,597,470</u>	<u>55.55</u>
Total	<u>5,653,112,470</u>	<u>100.00</u>	<u>6,753,112,470</u>	<u>100.00</u>

Notes:

1. Mr. Chow Ming Joe Raymond (“Mr. Chow”), spouse of Ms. Chan Wai Kay, Katherine, chairman of the Company, (“Ms. Chan”), holds 40,296,000 shares of the Company (“Shares”). Under the Securities and Futures Ordinance, Ms. Chan is deemed to be interested in 40,296,000 Shares in which Mr. Chow is interested.
2. Mr. Wu Shu Min, an executive director of the Company, is interested in 146,023,000 Shares.
3. Mr. Xu Shengheng, an executive director of the Company (“Mr. Xu”) holds 1,019,760,000 Shares. Ms. Luk Hoi Man (“Ms. Luk”), the spouse of Mr. Xu, holds 2,808,000 Shares. Therefore, under Securities and Futures Ordinance, Mr. Xu is deemed to be interested in 1,022,568,000 Shares including the 2,808,000 Shares in which Ms. Luk is interested.
4. Financial International Holdings Ltd is wholly-owned by Ms. Cheung Kwan. Therefore, Ms. Cheung Kwan is deemed to be interested in 692,628,000 shares of the Company.

5. Such Shares were allotted and issued upon completion of the Placing.

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

Hong Kong, 26 June 2009

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

This announcement, for which the directors of China Ground Source Energy Limited 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 China Ground Source Energy Limited. The directors of China Ground Source Energy Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcement” page on the GEM website for at least 7 days from the date of publication and on the website of China Ground Source Energy Limited at www.iini.com.