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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)

ANNOUNCEMENT

DELAY IN DESPATCH OF THE CIRCULAR IN RESPECT OF MAJOR DISPOSAL

Reference is made to the announcement dated 7 July 2009 published by the Company.

As substantial time is required for the Company to prepare the Indebtedness Statement and the Working Capital Statement, and for the auditors of the Company to prepare the Confirmation Letter, in accordance with the GEM Listing Rules for inclusion in the Circular, the Company has applied for a waiver from the Stock Exchange to extend the date of despatch of the Circular to no later than 31 August 2009.

Completion is subject to conditions that may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution in dealing in the securities of the Company.

Reference is made to the announcement dated 7 July 2009 (the “**Announcement**”) published by the Company in relation to, among others, a major disposal of the Company. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

DELAY IN DESPATCH OF THE CIRCULAR

Pursuant to Rule 19.38 of the GEM Listing Rules, the Company is required to despatch a circular (the “**Circular**”) in relation to the Disposal to its Shareholders and within 21 days after the publication of the Announcement, that is, on or before 28 July 2009.

The Circular will contain further details relating to the Disposal as required under the GEM Listing Rules which includes, among others: (i) a statement relating to the indebtedness of the Group (“**Indebtedness Statement**”); and (ii) a statement relating to the sufficiency of working capital of the Group (“**Working Capital Statement**”). As additional time is required for the Company to prepare the Indebtedness Statement and the Working Capital Statement, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 19.38 of the GEM Listing Rules to extend the date of despatch of the Circular to no later than 31 August 2009.

Completion is subject to conditions that may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution in dealing in the securities of the Company.

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

Hong Kong, 27 July 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 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: (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 Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication.