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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

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules in respect of the procurement of the land use right of a piece of land in Dalian for development of low-carbon eco-property model projects primarily using shallow ground energy as alternative energy for heating and cooling.

The board of directors of China Ground Source Energy Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces that, subsequent to the approval by the people’s government of Wafangdian city (瓦房店市人民政府) and the tendering and selection process arranged by National Land Resource Bureau of Wafangdian city (瓦房店市國土資源局), Beijing Enterprises Ever Source (Hong Kong) Limited (“BEES HK”), a 99.97% indirectly owned subsidiary of the Company, has successfully procured the land use right of a piece of land situated at 大連瓦房店市仙浴灣鎮仙浴灣村 (the “Land Procurement”) by a tender on 18 September 2009. The consideration of the Land Procurement is RMB16,300,000.

The land procured will be used for the development and construction of low-carbon eco-property model projects in Dalian (the “Project”) primarily using shallow ground energy as alternative energy for heating and cooling. The total area of the land procured is approximately 96,000 sq.m.

BEES HK will form a new company in Dalian for the development of the Project. As the Project is still in a preliminary stage and will be subject to further feasibility study and formulation of development plan, the Company will make an announcement as and when further details of the Project are available.

It is considered that the Project represents a good opportunity for the Group to broaden its business to low-carbon eco-property related segment. The development of property in Dalian with the application of shallow ground energy for buildings will have an excellent demonstrative effect and will be beneficial for further promotion of the shallow ground energy utilization business. Furthermore, business expansion to low-carbon eco-property related segment will also be a new income generator for the Group.

The Land Procurement does not constitute a notifiable transaction under the GEM Listing Rules and this announcement is only made pursuant to Rule 17.10 of the GEM Listing Rules.

Meanwhile, shareholders and potential investors of the Company are advised to 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, 18 September 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.

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