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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)

**UNCERTAINTIES REGARDING
SHAREHOLDING IN THE COMPANY'S SUBSIDIARY
AND
RELATIONSHIP BETWEEN THE GROUP AND ANOTHER COMPANY**

The Board wishes to inform the Shareholders and potential investors of the Company that SHINEWING Risk Services Limited has been appointed by the Company to investigate the Uncertainties.

Reference is made to the announcement of the Company issued on 23 December 2009 (“Announcement”). Terms defined in the Announcement shall have the same meanings when used herein, unless the context requires otherwise.

The Board wishes to inform the Shareholders and potential investors of the Company that SHINEWING Risk Services Limited has been appointed by the Company to investigate the following matters:

1. uncertainty as to Group’s equity interest in Shengxin for the period between December 2005 and September 2007; and
2. uncertainty as to the relationship between the Group and Hunan Hengxing (collectively, the “Uncertainties”).

The Company will issue further announcement as and when necessary to inform the Shareholders and potential investors of the Company about any further progress of the aforesaid matters.

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

Hong Kong, 13 January 2010

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.