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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Ground Source Energy Limited (“**Company**”) will be held at Room 1301, York House, The Landmark, 15 Queen’s Road Central, Central, Hong Kong on 28 July 2010 at 11:00 a.m. (or an adjournment thereof) for the follow purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the independent auditors for the six months ended 31 March 2010.
2. To, to consider and, if thought fit, pass the following resolution as Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** conditional on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the shares of US\$0.04 each in the capital of the Company (“**Shares**”) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the share option scheme (a copy of which is produced to the meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) (“**New Share Option Scheme**”) up to the general scheme limit, being the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Group and which must not in aggregate exceed 10 percent of the Shares in issue as at the day of the passing of this resolution, the New Share Option Scheme be and is hereby approved and adopted by the Company and with effect from the date of the New Share Option Scheme becoming unconditional and coming into effect, the existing share option scheme of the Company which was adopted by the Company on 22 November 2001 be terminated therefrom and the directors of the Company (“**Directors**”) be and are hereby authorised to grant options to subscribe for Shares under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any options which may fall to be granted under the New Share Option Scheme and to do all such acts as they may in their absolute discretion consider necessary or expedient in order to give full effect to the New Share Option Scheme, and that to the extent permissible under the articles of association

of the Company, the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange and the rules of the New Share Option Scheme, the Directors may vote in respect of any resolution(s) under or affecting the New Share Option Scheme (including the granting of options thereunder or approving the allotment and issue of Shares upon exercise of options thereunder) notwithstanding any interest(s) of any Director(s).”

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

Hong Kong, 9 July 2010

Registered office:

Scotia Centre, 4th Floor
P.O. Box 2804
George Town
Grand Cayman
Cayman Islands

Head office and principal place of business in Hong Kong:

Room 1301, York House
The Landmark
15 Queen’s Road Central
Central, Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the extraordinary general meeting shall be entitled to appoint one or more proxies to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the meeting or upon the poll concerned and in such event, the form of proxy shall be deemed to be revoked.

As at the date hereof, the Board of Directors of the Company 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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