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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 (the “**Company**”) will be held at Room 1301, York House, The Landmark, 15 Queen’s Road Central, Central, Hong Kong on Wednesday, 23 March 2011 at 11:00 a.m., for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as a special resolution of the Company:

#### SPECIAL RESOLUTION

“**THAT** conditional upon (i) approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the “**Court**”); (ii) registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction (as defined below) and the minute approved by the Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Capital Reduction (as defined below) and compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction (as defined below); and (iii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) in issue, upon the date (the “**Effective Date**”) on which the aforesaid conditions are fulfilled:

- (a) the issued and paid up share capital of the Company be reduced (“**Capital Reduction**”) by cancelling the paid-up capital to the extent of US\$0.03 on each existing shares of US\$0.04 of the Company (“**Existing Shares**”) in issue so that each issued Existing Share of US\$0.04 each of the Company be treated as one fully paid-up share of US\$0.01 par value each (“**New Share(s)**”) in the share capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company;

- (b) the credit arising from the Capital Reduction shall be applied for such purposes as permitted by the articles of association of the Company and all applicable laws, including the elimination of the accumulated loss of the Company;
- (c) immediately following the Capital Reduction, each authorized but unissued share of the Company of par value of US\$0.04 each shall be sub-divided into four (4) New Shares of par value of US\$0.01 each (“**Share Subdivision**”);
- (d) all of the New Shares resulting from the Capital Reduction and Share Subdivision shall rank pari passu in all respects and have the rights and privileges and be subject to the restrictions contained in the Company’s articles of association; and
- (e) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Capital Reorganisation.

For the purpose of this resolution, “**Capital Reorganisation**” shall mean the steps as set out in the above paragraphs (a), (b), (c) and (d) collectively.”

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

Hong Kong, 28 February 2011

*Principal Place of Business and Head Office:*  
Room 1301, York House,  
The Landmark,  
15 Queen’s Road Central,  
Central,  
Hong Kong.

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

*Notes:*

1. Any shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a shareholder of the Company.
2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Service Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a shareholder from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. As at the date of this notice, the Board comprises Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Mr. Wu Shu Min and Mr. Soo Kim Fui, Jeffrey as executive Directors, Mr. Fu Hui Zhong as non-executive Director, Ms. Chan Man Kuen, Laura, Mr. Jia Wenzeng and Mr. Chow Wan Hoi, Paul as independent non-executive Directors.

*This announcement, for which the directors of the Company 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website with the domain name of [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcement" page for at least 7 days from the date of publication and on the website of the Company at [www.iini.com](http://www.iini.com).*