

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

APPROVAL OF THE CAPITAL REORGANISATION

APPROVAL OF THE CAPITAL REORGANISATION

The Board is pleased to announce that the order confirming the Capital Reorganisation was granted by the Cayman Islands Court on 17 June 2011 (Cayman Islands time). The Capital Reorganisation has become effective on 23 June 2011 (Cayman Islands time) and the dealing in New Shares on the Stock Exchange will be commenced on 24 June 2011 (Hong Kong time).

Reference is made to the circular of the Company dated 28 February 2011 (the “**Circular**”) in relation to the Capital Reorganisation. Unless otherwise stated, capitalized terms used herein shall have the same meaning as those defined in the Circular.

APPROVAL OF THE CAPITAL REORGANISATION

On 17 June 2011 (Cayman Islands time), the Capital Reorganisation was approved by the Cayman Islands Court. The Capital Reduction has become effective on 23 June 2011 (Cayman Islands time) and the dealing in New Shares on the Stock Exchange will be commenced on 24 June 2011 (Hong Kong time).

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

Hong Kong, 23 June 2011

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 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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication.