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CHINA GROUND SOURCE ENERGY LIMITED

中國地能有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8128)

PROFIT WARNING

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board of the Company wishes to inform the shareholders of the Company and potential investors that it is expected that the unaudited results of the Group for the three months ended 31 December 2008 may incur a loss as compared to a profit for the same period of 2007 as a result of the provision of imputed interest for the convertible notes issued.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The board of Directors (the “**Board**”) of China Ground Source Energy Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company and potential investors that, based on information currently available, the unaudited first quarterly results of the Group for the three months ended 31 December 2008 is expected to record a loss as compared to a profit for the corresponding period ended 31 December 2007. The loss is mainly due to the provision of imputed interest for the convertible notes issued.

The information contained in this announcement is only based on the preliminary estimates from the unaudited management accounts of the Group for the three months ended 31 December 2008 which have not yet been finalized as at the date hereof. Further details of the Group’s performance will be disclosed when the Group’s first quarterly results for the three months ended 31 December 2008 are announced.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

As at the date of this announcement, the board of directors of the Company comprises Mr. Wu Shu Min, Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Ms. Cheung Kwan and Mr. Soo Kim Fui, Jeffrey as executive directors, Mr. Lu Chuan as non-executive director and, Ms. Cai Xin, Ms. Chan Man Kuen, Laura and Mr. Chiu Chun Kit, Calvin as independent non-executive directors.

By the order of the Board
China Ground Source Energy Limited
Wu Shu Min
Director

Hong Kong, 11 February 2009

This announcement, for which the directors of China Ground Source Energy Limited 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 China Ground Source Energy Limited. The directors of China Ground Source Energy Limited, 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 Announcement” page on the GEM website for at least 7 days from the date of publication and on the website of China Ground Source Energy Limited at www.iini.com.