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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 (the “**EGM**”) of the shareholders 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 Friday, 22 June 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolutions of the Company:

ORDINARY RESOLUTION

“THAT

- (i) the execution of the letter of intent dated 11 April 2012 (the “**Letter of Intent**”) between the Company and China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited (中國節能環保(香港)投資有限公司) (the “**Subscriber**”) in respect of the subscription of 436,938,577 shares (the “**Tranche B Subscription Shares**”) of US\$0.01 each in the share capital of the Company be and is hereby confirmed, approved and ratified; and
- (ii) the directors of the Company be and are hereby authorized to exercise all the powers of the Company and take all steps as might in their opinion be desirable or necessary in connection with the Letter of Intent including without limitation:
 - (a) the allotment and issue of the Tranche B Subscription Shares pursuant to the Letter of Intent;
 - (b) the execution, amendment, supplement, delivery, submission and implementation of any further documents or agreements in relation to the allotment and issue of the Tranche B Subscription Shares pursuant to the Letter of Intent; and
 - (c) the taking of actions to implement the transactions contemplated under the Letter of Intent.

(iii) the re-election of Mr. Wu Desheng as an independent non-executive director of the Company.”

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

Hong Kong, 5 June 2012

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. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In compliance with Rule 17.47(4) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, voting on the resolution in respect of the above matters set out in this notice will be decided by way of a poll.
3. 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 branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
5. Members are recommended to read this circular of the Company containing information concerning the resolutions proposed in this notice.
6. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time between 9:00 a.m. and 5:00 p.m. on the date of the EGM, then the EGM will be postponed and the Members will be informed of the date, time and venue of the postponed EGM by a supplementary notice, posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 9:00 a.m. on the date of the EGM, and where conditions permit, the EGM will be held as scheduled.

The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

Members should decide on their own whether they would attend the EGM under a bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.

As at the date of this announcement, the Board comprises Ms. Chan Wai Kay, Katherine, and Mr. Xu Shengheng as executive Directors, Ms. Luk Hoi Man as non-executive Director, Mr. Jia Wenzeng, Mr. Paul Chow Wan Hoi and Mr. Wu De Sheng 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 GEM Listing Rules 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 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.cgsenergy.com.hk