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中國地能有限公司
CHINA GROUND SOURCE ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8128)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO SUCCESSFUL BIDDING OF LAND
AND
RESUMPTION OF TRADING**

SUCCESSFUL BIDDING OF LAND

The board of directors (the “**Board**”) of China Ground Source Energy Limited (the “**Company**”) is pleased to announce that, on 27 December 2012, the Company has successfully won the bidding for a piece of land (the “**Land**”) situated at Xiao Yao Bay of Jin Zhou Xin Qu in Dalian City (大連市金州新區小窯灣) in China at the price of RMB954,000,000 (the “**Acquisition**”).

The Acquisition is still subject to the verification of the Company’s qualifications by the relevant government department in mainland China and the Board expects to obtain the confirmation from the relevant government department on its verification results in early January 2013. As at the date hereof, the Company has not yet signed the formal sale and purchase agreement for the Acquisition.

As one or more of the applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”)) in relation to the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement, circular and shareholders’ approval requirements under the GEM Listing Rules.

Further announcement will be published by the Company as and when necessary in compliance with the requirements of the GEM Listing Rules.

Shareholders and potential investors in the Company should be aware that the completion of the Acquisition is subject to the satisfaction (or waiver, where applicable) of various conditions and therefore the completion of the Acquisition may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 1:00 p.m. on 27 December 2012 pending the publication of this announcement. An application has been made by the Company for resumption of trading in the Company's shares with effect from 9:00 a.m. on 28 December 2012.

By order of the board of
China Ground Source Energy Limited
Wong Lai Yuk
Company Secretary

Hong Kong, 27 December 2012

As at the date of this announcement, the Board comprises Mr. Zheng Qiyu, Ms. Chan Wai Kay, Katherine and Mr. Xu Shengheng as executive Directors, Ms. Wu Xiaohua, Ms. Xu Genghong and Mr. Zang Yiran as non-executive Directors, Mr. Jia Wenzeng, Mr. Wu Desheng and Mr. Hu Zhaoguang 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 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.