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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)

## **ADJUSTMENTS TO SHARE OPTIONS AND CONVERTIBLE NOTES**

Adjustments that were made to the exercise price of and the number of Shares entitled under the outstanding share options granted under the Share Option Scheme and conversion price of the outstanding Convertible Notes as a result of the Share Consolidation having become effective are set out in this announcement.

Reference is made to the announcement of China Ground Source Energy Limited (the “Company”) dated 1 February 2010 (the “Poll Results Announcement”) and the circular of the Company dated 31 December 2009 (the “Circular”) in relation to, among others things, the proposed Share Consolidation. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings ascribed to them in the Circular.

As disclosed in the Poll Results Announcement, a resolution to approve the Share Consolidation was duly passed at the Annual General Meeting held on 1 February 2010. As all conditions of the Share Consolidation have been fulfilled, the Share Consolidation became effective on 2 February 2010.

### **ADJUSTMENTS TO SHARE OPTIONS**

As a result of the Share Consolidation becoming effective, adjustments are required to be made to the exercise price of and number of Shares entitled under the outstanding share options falling under the Share Option Scheme pursuant to the terms of the Share Option Scheme. For the share options granted on 1 March 2002, the exercise price was adjusted from HK\$0.475 to HK\$1.9 and the number of Shares entitled was adjusted from 300,000 Existing Shares to 75,000 Consolidated Shares. For the share options granted on 7 March 2002, the exercise price was adjusted from HK\$0.465 to HK\$1.86 and the number of Shares entitled was adjusted from 10,000,000 Existing Shares to 2,500,000 Consolidated Shares. For the share options granted on 5 June 2003, the exercise price was adjusted from HK\$0.078 to HK\$0.312 and the number of Shares entitled was adjusted from 3,000,000 Existing Shares to 750,000 Consolidated Shares. For the share options granted on 29 May 2007, the exercise price was adjusted from HK\$0.214 to

HK\$0.856 and the number of Shares entitled was adjusted from 11,000,000 Existing Shares to 2,750,000 Consolidated Shares. For the share options granted on 23 June 2009, the exercise price was adjusted from HK\$0.0826 to HK\$0.3304 and the number of Shares entitled was adjusted from 563,600,000 Existing Shares to 140,900,000 Consolidated Shares. HLB Hodgson Impey Cheng have certified that the basis of such adjustments to the outstanding share options comply with Chapter 23 of the GEM Listing Rules and the supplementary guidance issued by the Stock Exchange on 5th September, 2005. Such adjustment has become effective on 2 February 2010, being the effective date of the Share Consolidation.

## **ADJUSTMENTS TO CONVERTIBLE NOTES**

As a result of the Share Consolidation becoming effective, adjustments are required to be made to the conversion price of the outstanding Convertible Notes. The conversion price of the outstanding 2007 Convertible Notes has been adjusted from HK\$0.4 to HK\$1.6 and the number of conversion Shares to be issued pursuant to the exercise in full of the outstanding 2007 Convertible Notes has been adjusted from 400,000,000 Existing Shares to 100,000,000 Consolidated Shares. The conversion price of the outstanding 2008 Convertible Notes has been adjusted from HK\$0.3 to HK\$1.2 and the number of conversion Shares to be issued pursuant to the exercise in full of the outstanding 2008 Convertible Notes has been adjusted from 680,000,000 Existing Shares to 170,000,000 Consolidated Shares. Such adjustments have become effective on 2 February 2010, being the effective date of the Share Consolidation. Save for the above adjustment, all other terms and conditions of the Convertible Notes remain unchanged. The above adjustments have been confirmed by HLB Hodgson Impey Cheng, which was appointed by the Company for the purpose of providing opinion on the adjustment to the Convertible Notes.

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

Hong Kong, 12 February 2010

*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 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: (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.*

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