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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)

POSSIBLE INVESTMENT IN THE COMPANY

The board of directors of China Ground Source Energy Limited (the “Company”) announces that the Company is currently in negotiation with an independent third party (the “Investor”) for a possible investment in the Company by the Investor.

The aforesaid transaction, if materialized, may involve issuing new shares of the Company to the Investor.

As at the date of this announcement, no material terms have been agreed between the Company and the Investor and there is no legally-binding agreement signed. The aforesaid transaction may or may not materialize and the Company will keep the shareholders and potential investors informed of the progress and disclose the relevant information as and when necessary.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 30 March 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.

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.