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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Ground Source Energy Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**REMOVAL OF DIRECTORS,
APPOINTMENT OF DIRECTORS, GRANT OF GENERAL MANDATE,
REFRESHMENT OF SCHEME LIMIT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening an Extraordinary General Meeting of China Ground Source Energy Limited to be held at Room 1303, York House, The Landmark, 15 Queen's Road Central, Central, Hong Kong on Wednesday, 25 March 2009 at 10:30 a.m. is set out on pages 15 to 19 of this circular.

A proxy form for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" section of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting.

6 March 2009

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“Annual General Meeting”	the annual general meeting of the Company held on 6 February 2009
“Board”	the board of Directors of the Company
“Company”	China Ground Source Energy Limited
“Directors”	directors of the Company
“Existing Scheme Limit”	the total number of Shares in respect of which options may be granted pursuant to the Share Option Scheme and any other share option schemes of the Company, not exceeding 10% of the issued share capital of the Company as at the date of passing the relevant resolution to approve the general limit at an annual general meeting of the Company on 28 January 2004
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at Room 1303, York House, The Landmark, 15 Queen’s Road Central, Central, Hong Kong on Wednesday, 25 March 2009 at 10:30 a.m.
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM as amended, supplemented or otherwise modified from time to time
“General Mandate”	the general mandate to issue Shares which will be proposed to be granted to the Directors at the EGM
“Group”	the Company and its subsidiaries
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 March 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Participants”	any person who satisfies the eligibility criteria under the Share Option Scheme

DEFINITIONS

“Pre-IPO Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 7 January 2000
“Refreshed Scheme Limit”	the maximum number of Shares which may be issued upon the exercise of all options granted under the Share Option Scheme and any other share option scheme(s) of the Company, being 10% of the Company’s issued share capital as at the date of passing the relevant resolution to approve the refreshment of scheme limit at the EGM
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 22 November 2001
“Shareholders”	shareholders of the Company
“Shares”	share(s) of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD

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)

Executive Directors:

Wu Shu Min
Chan Wai Kay, Katherine
Xu Shengheng
Soo Kim Fui, Jeffrey
Cheung Kwan

Registered office:

Huntlaw Building
P.O. Box 2804
George Town
Grand Cayman
Cayman Islands

Non-executive Directors:

Lu Chuan

Head office and principal place

of business in Hong Kong:

Room 1303, York House
The Landmark
15 Queen's Road Central
Central, Hong Kong

Independent non-executive Directors:

Chan Man Kuen, Laura
Cai Xin
Chiu Chun Kit, Calvin
(Note 1)

6 March 2009

To the Shareholders

Dear Sir or Madam,

**REMOVAL OF DIRECTORS,
APPOINTMENT OF DIRECTORS, GRANT OF GENERAL MANDATE,
REFRESHMENT OF SCHEME LIMIT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 4 March 2009. The purpose of this circular is to provide you with the relevant information regarding the removal of directors and the appointment of directors, the General Mandate and the refreshment of scheme limit, and to give you notice of EGM at which ordinary resolutions will be proposed to consider, and if thought fit, approve at the EGM, the removal of Directors and the appointment of Directors, the granting of the General Mandate, the Refreshed Scheme Limit and the extension of the General Mandate.

Note 1: Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director, are unclear as to the list of members of the board of Directors of the Company as at the date hereof. These three Directors do not accept responsibility for the accuracy and content of the list of members of the Board of Directors of the Company as at the date hereof, stated in this circular.

LETTER FROM THE BOARD

REMOVAL OF DIRECTORS AND APPOINTMENT OF DIRECTORS

In a meeting of the board of directors of the Company held on 4 March 2009 (“**Board Meeting**”), the majority of the Board has resolved (with Ms. Cheung Kwan, being an executive Director and Mr. Lu Chuan, being the non-executive Director opposed to such board resolution and Ms. Cai Xin, being an independent non-executive Director voluntarily abstained from voting on such board resolution) that an extraordinary general meeting be convened to consider the removal of Mr. Wu Shu Min, Ms. Cheung Kwan, Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Mr. Jeffrey Soo Kim Fui, Mr. Lu Chuan, Ms. Cai Xin, Ms. Laura Chan Man Kuen and Mr. Calvin Chiu Chun Kit respectively from the office of Directors with immediate effect from the time when the respective resolutions are passed (“**Removal of Directors**”); and the appointment of (i) Mr. Wu Shu Min, Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Mr. Jeffrey Soo Kim Fui, and Ms. Cheung Kwan as executive Directors, (ii) Mr. Lu Chuan as non-executive Director and (iii) Ms. Cai Xin, Ms. Laura Chan Man Kuen and Mr. Calvin Chiu Chun Kit as independent non-executive Directors with effect from the time when the respective resolutions are passed (“**Appointment of Directors**”).

Reference is made to the announcements of the Company dated 13 February 2009 and 17 February 2009. Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director were unclear as to the list of the members of the Board. On 27 February 2009, the Board and the company secretary of the Company received a written requisition (“**Requisition**”) issued by a Shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company to require an extraordinary general meeting to be called by the Board for the Removal of Directors and the Appointment of Directors. Pursuant to Article 58 of the articles of associations of the Company, the Extraordinary General Meeting shall be held within two months after deposit of the Requisition. The majority of the Board is of the view that the current differences of opinion held by various Directors in respect of the composition of the Board will be resolved in the Extraordinary General Meeting and the convening of the Extraordinary General Meeting is in the best interest of the Company and the Shareholders.

Details of Mr. Wu Shu Min, Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Mr. Jeffrey Soo Kim Fui, Ms. Cheung Kwan, Mr. Lu Chuan, Ms. Cai Xin, Ms. Laura Chan Man Kuen and Mr. Calvin Chiu Chun Kit are set out in the Appendix I to this circular.

GENERAL MANDATES TO ISSUE SHARES

At the annual general meeting of the Company held on 15 February 2008, ordinary resolution were passed to grant to the Directors general unconditional mandate to allot, issue and otherwise deal with Shares up to the limit of 20 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of passing such resolution. The general mandate was lapsed at the conclusion of the Annual General Meeting.

LETTER FROM THE BOARD

In the Board Meeting, the majority of the Board has also resolved (with Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director opposed to such board resolution) to seek approval from the Shareholders for the grant to the Directors of a general mandate to authorize the allotment and issue of Shares up to the limit of 20 per cent. of the aggregate nominal value of the issued share capital of the Company on the date of Extraordinary General Meeting, representing 1,130,622,494 Shares which is assumed that no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the EGM. Since the repurchase mandate (“**Repurchase Mandate**”) was granted to the Directors on the Annual General Meeting to repurchase Shares on GEM or on any other exchange which does not exceed 10 per cent. of the aggregate nominal value of the issued share capital of the Company on 6 February 2009, the majority of the Board has also resolved in the Board Meeting (with Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director opposed to such board resolution) to seek approval from the Shareholders to increase the number of Shares to be allotted, issued and dealt with under the General Mandate by an additional number representing such number of Shares repurchase under the Repurchase Mandate.

REFRESHMENT OF THE SCHEME LIMIT

The Company has two share option schemes, namely the Pre-IPO Share Option Scheme adopted on 7 January 2000 and the Share Option Scheme adopted on 22 November 2001. Upon listing of the Shares on GEM on 30 November 2001, no further option was granted under the Pre-IPO Share Option Scheme. Apart from the Pre-IPO Share Option Scheme and the Share Option Scheme, as at the Latest Practicable Date, the Company did not have any other share option schemes. Under the GEM Listing Rules and the Share Option Scheme:

- (i) the Existing Scheme Limit so refreshed must not exceed 10% of the issued share capital of the Company at the date of the approval of the Refreshed Scheme Limit by the Shareholders;
- (ii) all options granted under the Share Option Scheme and any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the Share Option Scheme and any other share option schemes of the Company) prior to the approval of such Refreshed Scheme Limit shall not be counted for the purpose of calculating whether the Refreshed Scheme Limit has been exceeded and the total number of Shares subject to the Refreshed Scheme Limit;
- (iii) Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of Shares in issue from time to time.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Pre-IPO Share Option Scheme had expired and was no longer existed. Besides, there were no outstanding and unexercised options granted under the Pre-IPO Share Option Scheme. Under the Existing Scheme Limit, a total of 143,530,135 options can be granted. On 29 May 2007, there were 12,500,000 options granted under the Share Option Scheme and as at the Latest Practicable Date, these options are still outstanding and exercisable. In addition to 14,800,000 options previously granted of which 800,000 options were granted on 1 March 2002, 10,000,000 options were granted on 7 March 2002 and 4,000,000 options were granted on 5 June 2003, as at the Latest Practicable Date, there were a total of 27,300,000 outstanding and unexercised options granted under the Share Option Scheme. Under the Existing Scheme Limit, there are still 131,030,135 options can be granted. However, in view of the substantial increase of issued share capital of the Company subsequent to the approval of the Existing Scheme Limit and the expansion of the Group's structure following several acquisitions taken place in the past year and in order to provide more flexibility for the Company to grant options to the Participants to reward and motivate them to strive for the future developments and success of the Group, the Board has also resolved in the Board Meeting (with Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director opposed to such board resolution) to seek approval from the Shareholders to refresh the scheme limit of up to 10 per cent. of the number of Shares in issue as at the date of the Extraordinary General Meeting.

Assuming that no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the EGM, the Company will have 5,653,112,470 Shares in issue as at the date of the EGM. The Refreshed Scheme Limit, if approved by the Shareholders at the EGM, will allow the Company to issue, upon exercise of options under the Share Option Scheme, a maximum of 565,311,247 Shares, representing 10% of the issued share capital of the Company as at the date of approval of the Refreshed Scheme Limit.

The Refreshed Scheme Limit is conditional upon the approval of such resolution at the EGM and upon granting by the Stock Exchange of the listing of and permission to deal in the Shares to be issued upon the exercise of the options be granted under the Refreshed Scheme Limit. Application will be made to the Stock Exchange for the listing and permission to deal in any Shares, representing 10% of the share capital of the Company in issue as at the date of the EGM which may fall to be issued upon the exercise of any options that may be granted under the Refreshed Scheme Limit.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 15 to 19 of this circular, ordinary resolutions will be proposed to approve the removal of Directors, the Appointment of Directors, proposed grant of General Mandate and extension of the General Mandate and the proposed refreshment of the scheme limit.

LETTER FROM THE BOARD

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

All the resolutions proposed at the EGM shall be voted by poll.

RESPONSIBILITY STATEMENT

Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director, are unclear as to the list of members of the board of Directors of the Company as at the date hereof. These three Directors do not accept responsibility for the accuracy and content of the list of members of the Board of Directors of the Company as at the date hereof, stated in this circular.

This circular, for which the Directors 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 enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Yours faithfully,
For and on behalf of
China Ground Source Energy Limited
Wu Shu Min
Director

The following are the particulars of the Directors proposed to be appointed at the EGM:

Mr. Wu Shu Min (“Mr. Wu”), aged 45, is presently an executive Director and is proposed to be appointed as executive Director with effect from the time when the respective resolution of appointment is passed. He is also a director of certain subsidiaries of the Company. Mr. Wu is responsible for the strategic direction of the Group. He has over 21 years experience in the PRC telecommunications industry, and started his career in the Science Research Institute of Hunan Telecommunications in 1985. In 1994, he joined Hunan Tricom Communication Equipment Co., Ltd. as its China representative before he established Hunan Internet Information Networks Company Ltd. in 1997.

There is a service contract entered into between Mr. Wu and the Group which was renewed for a term of two years from 18 July 2007. Mr. Wu is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s Articles of Association. The director’s emolument of Mr. Wu is HK\$1,920,000 per annum which is fixed with reference to market conditions and his duties and responsibilities with the Group. Save as disclosed above, Mr. Wu has not previously held any positions with the Company or its subsidiaries and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Wu was granted options to subscribe 10,000,000 Shares which are exercisable during the period from 7 March 2002 to 21 December 2011 at an exercise price of HK\$0.465 per Share, and options to subscribe 3,000,000 Shares which are exercisable during the period from 5 June 2003 to 21 December 2011 at an exercise price of HK\$0.078 per Share. As at the Latest Practicable Date, Mr. Wu held 146,023,000 Shares, representing 2.58% of the issued share capital of the Company. Save as aforesaid, as at the Latest Practicable Date, he does not have any interests in the Shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO. Mr. Wu did not hold any other directorship in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there are no other information for Mr. Wu which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Ms. Chan Wai Kay, Katherine (“Ms. Chan”) is presently an executive Director and is proposed to be appointed as an executive Director with effect from the time when the respective resolution of appointment is passed. Ms. Chan, aged 49, holds a Bachelor degree of Business Administration from the University of Southern California. Ms. Chan has more than 18 years of experience in financial services industry. Ms. Chan is also an executive director of China Jin Hui Mining Corporation Limited (stock code: 462), the shares of which are listed in the main board of the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, Ms. Chan did not hold any positions with the Company or its subsidiaries and did not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed above, Ms. Chan did not hold any directorship in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Ms. Chan had not entered into any service agreement with the Company in respect of her appointment as an executive Director. The term of appointment of Ms. Chan as an executive Director will commence at the time when the respective resolution of appointment is passed and up to the Company's next annual general meeting. Ms. Chan's emolument in respect of her appointment as an executive Director has not been determined by the Board yet.

As at the Latest Practicable Date, Mr. Chow Ming Joe Raymond ("Mr. Chow"), spouse of Ms. Chan, holds 40,296,000 Shares. Under the SFO, Ms. Chan was deemed to be interested in the 40,296,000 Shares in which Mr. Chow is interested.

Save as disclosed above, there are no other information of Ms. Chan which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Mr. Xu Shengheng ("Mr. Xu") is presently an executive Director and is proposed to be appointed as an executive Director with effect from the time when the respective resolution of appointment is passed. Mr. Xu aged 47, holds a Master degree of Business Administration from the International EMBA from Hong Kong University of Science and Technology. Mr. Xu has over 10 years of experience in the promotion, research and development of shallow ground energy as alternative energy for heating. The single well circulation ground heat exchange technology developed by Mr. Xu has been awarded the 2003 GRC Best Paper Award by Geothermal Resources Council and the 1st Prize Technology Advancement 2008 by All-China Federation of Industry and Commerce. Mr. Xu has extensive experience in scientific research and enterprise management. Mr. Xu is also the directors of various subsidiaries of the Company, namely, Beijing Enterprises Ever Source (Hong Kong) Limited, Ever Source Technology Limited, Beijing Enterprises Ever Source Limited, Beijing Enterprises Ever Source Technology Limited, Beijing Enterprises Ever Source Energy Limited, Virtue Investments Limited, 恒有源科技發展有限公司, 北京北控恒有源科技發展有限公司, 北京永源熱泵有限責任公司, 北京恒有源環境系統設備安裝工程有限公司, 北京恒有源淺層地能科技發展有限公司, 北京海澱區恒有源職業技術培訓學校, 北京恒有源綠色能源科技發展有限公司, 錫林浩特恒有源新能源熱力有限公司, 呼和浩特恒有源科技發展有限公司, 北京恒有源康體科技發展有限公司, 恒有源投資管理有限公司, 北京綠能皓天生物質能源有限公司, 北京中恒嘉源科技發展有限公司, 北京京豐恒有源熱力科技有限公司, 上海恒有源科技發展有限公司, 北京恒有源地能熱源系統有限公司, 瀋陽恒有源科技有限公司, 北京華利恒有源科技發展有限公司, 大連恒有源能源開發有限公司 and 北京恒有源西亞特科技發展有限公司.

Save as disclosed above, as at the Latest Practicable Date, Mr. Xu did not hold any positions with the Company or its subsidiaries, did not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Mr. Xu did not hold any other directorship in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED

As at the Latest Practicable Date, Mr. Xu had not entered into any service agreement with the Company in respect of his appointment as an executive Director. The term of appointment of Mr. Xu as an executive Director will commence at the time when the respective resolution of appointment is passed and up to the Company's next annual general meeting. Mr Xu's emolument in respect of his appointment as an executive Director has not been determined by the Board yet.

As at the Latest Practicable Date, under the SFO, Mr. Xu was deemed to be interested in 1,015,464,000 Shares in which 2,808,000 Shares were held by Ms. Luk Hoi Man, the spouse of Mr. Xu. and the remaining 1,012,656,000 Shares were held by Mr. Xu as beneficial owner. Mr. Xu, through his solely owned company, namely, Ever Sincere Investment Ltd., held a convertible note amounting for HK\$204,000,000 which can be converted into 680,000,000 Shares at a conversion price at HK\$0.30 per share subject to certain conditions.

Save as disclosed above, there are no other information of Mr. Xu which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Mr. Soo Kim Fui, Jeffrey ("Mr. Soo"), is presently an executive Director and the qualified accountant of the Company. He is proposed to be appointed as an executive Director with effect from the time when the respective resolution of appointment is passed. Mr. Soo, aged 38, is a fellow member of Association of Chartered Certified Accountants (UK). Mr. Soo has over 10 years of experience in accounting and financial aspects. Save as disclosed above, as at the Latest Practicable Date, Mr. Soo did not hold any positions with the Company or its subsidiaries, did not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company and did not have any other major appointments and professional qualifications. Mr. Soo did not hold any directorship in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Mr. Soo had not entered into any service agreement with the Company in respect of his appointment as an executive Director. The term of appointment of Mr. Soo as an executive Director will commence at the time when the respective resolution of appointment is passed and up to the Company's next annual general meeting. Mr Soo's emolument in respect of his appointment as an executive Director has not been determined by the Board yet.

As at the Latest Practicable Date, Mr. Soo had no interests in the Shares within the meaning of Part XV of the SFO.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED

Save as disclosed above, there are no other information of Mr. Soo which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Ms. Cheung Kwan (“Ms. Cheung”), aged 51, is presently an executive Director and is proposed to be appointed as an executive Director with effect from the time when the resolution of her appointment is passed. Ms. Cheung graduated from Peking University. Ms. Cheung has been participated in works related to corporate investment, project investment corporate planning, and operation management. Ms. Cheung is devoted to investment in and development of new energies and environmental protection enterprises.

Ms. Cheung is the director of various subsidiaries of the Company, namely II Networks International Limited, IIN Software Technology Limited, China Ground Source Energy (Hong Kong) Limited, China Ground Source Energy Journal Co., Limited, Far High International Limited, Virtue Investments Limited, Beijing Enterprises Ever Source (Hong Kong) Limited, Ever Source Technology Limited, Beijing Enterprises Ever Source Limited, Beijing Enterprises Ever Source Technology Limited, Beijing Enterprises Ever Source Energy Limited, 恆有源科技發展有限公司, 北京永源熱泵有限責任公司, 北京北控恆有源科技發展有限公司 and 恆有源投資管理有限公司. Save as disclosed above, as at the Latest Practicable Date, Ms. Cheung does not hold any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company, and does not have any other major appointments and professional qualifications. Ms. Cheung did not hold any directorship in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Ms. Cheung had not entered into any service agreement with the Company in respect of her appointment as an executive Director. Pursuant to the articles of association of the Company, the term of appointment of Ms. Cheung as an executive Director will commence at the time when resolution of her appointment is passed and up to the Company’s next general meeting. Ms. Cheung’s emolument in respect of her appointment as an executive Director has not been determined by the Board yet. Should it be fixed by the Board, it will further be announced by the Company as soon as practicable.

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Ms. Cheung is deemed to be interested in 606,812,000 Shares, representing 10.73% of the Company’s issued share capital, in which 183,160,000 Shares are held by Ms. Cheung and the remaining 423,652,000 Shares are held by Financial International Holdings Limited which is wholly-owned by Ms. Cheung.

Ms. Cheung was a director of Surplus Champion Limited (仲悅有限公司) when it was dissolved by deregistration on 15 December 2006. Surplus Champion Limited was incorporated in Hong Kong on 9 March 2005 and it had not carried out any commercial operation before deregistration.

Save as disclosed above, there are no other information in relation to the appointment of Ms. Cheung which is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Mr. Lu Chuan (“Mr. Lu”), aged 38, is presently the non-executive Director and is proposed to be appointed as a non-executive Director with effect from the time when the respective resolution of appointment is passed. Mr. Lu is a graduate from Huazhong University of Science and Technology, holding a bachelor degree in engineering and a doctorate in management studies. He previously worked in a financial institution in China for a number of years and is currently working in a listed company in Hong Kong responsible for operations relating to financial asset investments. He has over ten years of experience in business administration, finance and investment.

Mr. Lu has entered into an appointment letter in respect of his appointment as a non-executive Director with the Company for an initial term of one year commencing from 1 September 2008 which can be terminated by either party by giving not less than one month’s written notice to the other. Pursuant to the Company’s Articles of Association, Mr. Lu is subject to retirement by rotation and re-election at annual general meetings of the Company. His annual director’s fee is HK\$240,000 which is fixed with reference to the market conditions and his duties and responsibilities with the Company.

Save as disclosed above, Mr. Lu has not previously held any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lu has no interests in the shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO. Mr. Lu did not hold any other directorships in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there are no other information for Mr. Lu which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Ms. Chan Man Kuen, Laura (“Ms. Laura Chan”) is presently an independent non-executive Director and is proposed to be appointed as an independent non-executive Director with effect from the time when the respective resolution of appointment is passed. Ms. Laura Chan, aged 35, holds a bachelor degree in law. Ms. Chan has over 9 years of experience in corporate administration aspect. Ms. Laura Chan is also the independent non-executive director of China Jin Hui Mining Corporation Limited (stock code: 462), shares of which are listed on the main board of the Stock Exchange. Save as disclosed above, as at the Latest Practicable Date, Ms. Laura Chan did not hold any positions with the Company or its subsidiaries, did not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed above, Ms. Laura Chan did not hold any directorship in any other public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED

As at the Latest Practicable Date, Ms. Laura Chan had not entered into any service agreement with the Company in respect of her appointment as an independent non-executive Director. The term of appointment of Ms. Laura Chan as an independent non-executive Director commenced at the time when the respective resolution of appointment is passed and up to the Company's next annual general meeting. Ms. Laura Chan's emolument in respect of her appointment as an independent non-executive Director has not been determined by the Board yet.

As at the Latest Practicable Date, Ms. Laura Chan has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other information for Ms. Laura Chan which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Mr. Chiu Chun Kit, Calvin ("Mr. Chiu") is presently an independent non-executive Director and is proposed to be appointed as an independent non-executive Director with effect from the time when the respective resolution of appointment is passed. Mr. Chiu, aged 38, holds a bachelor degree in business. Mr. Chiu has over 13 years of experience in financial industry. Save as disclosed above, as at the Latest Practicable Date, Mr. Chiu did not hold any positions with the Company or its subsidiaries, did not have any relationship with any director, senior management, management shareholder, substantial shareholder or controlling shareholder of the Company, and did not have any other major appointments and professional qualifications. Save as disclosed, Mr. Chiu did not hold any directorship in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Mr. Chiu has not entered into any service agreement with the Company in respect of his appointment as an independent non-executive Director. The term of appointment of Mr. Chiu as an independent non-executive Director commenced at the time when the respective resolution of appointment is passed and up to the Company's next annual general meeting. Mr. Chiu's emolument in respect of his appointment as an independent non-executive Director has not been determined by the Board yet.

As at the Latest Practicable Date, Mr. Chiu had no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other information of Mr. Chiu which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

Ms. Cai Xin (“Ms. Cai”), aged 39, is presently an independent non-executive Director and is proposed to be appointed as an independent non-executive Director with effect from the time when the respective resolution of appointment is passed. Ms. Cai graduated from Wuhan College of Marine Traffic Engineering (武漢水運工程學院), possessing an undergraduate qualification and a bachelor degree in engineering. She is a certified public accountant, certified public valuer and registered tax agent in the PRC. She previously worked in several audit firms and has extensive audit experience. She also has over ten years experience in financial accounting and management and is well acquainted with corporate accounting system, accounting methods, accounting policies implemented by PRC listed companies and relevant financial regulations of PRC such as economic law, tax law, securities law and company law.

Ms. Cai has entered into an appointment letter in respect of her appointment as an independent non-executive Director with the Company for a term of one year commencing from 9 April 2008 which can be terminated by either party by giving not less than one month’s written notice to the other. Pursuant to the Company’s Articles of Association, Ms. Cai is subject to retirement by rotation and re-election at annual general meetings of the Company. Her annual director’s fee is HK\$96,000 which is fixed with reference to the market conditions and her duties and responsibilities with the Company.

Save as disclosed above, Ms. Cai has not previously held any positions with the Company or its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Cai has no interests in the shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO. Ms. Cai did not hold any other directorships in any public companies whose securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there are no other information for Ms. Cai which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and no other matters that need to be brought to the attention of the Shareholders.

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“**Extraordinary General Meeting**”) of China Ground Source Energy Limited (“**Company**”) will be held on Wednesday, 25 March 2009 at 10:30 a.m. at Room 1303, York House, The Landmark, 15 Queen’s Road Central, Central, Hong Kong for the following purposes:

ORDINARY RESOLUTIONS

1. (a) “**THAT** Ms. Cheung Kwan be removed from the office of an executive director of the Company with immediate effect.”

(b) “**THAT** Ms. Cheung Kwan be appointed as executive director of the Company with immediate effect and the board of directors be authorized to fix her remuneration.”
2. (a) “**THAT** Ms. Chan Wai Kay, Katherine be removed from the office of an executive director of the Company with immediate effect.”

(b) “**THAT** Ms. Chan Wai Kay, Katherine be appointed as executive director of the Company with immediate effect and the board of directors be authorized to fix her remuneration.”
3. (a) “**THAT** Mr. Xu Shengheng be removed from the office of an executive director of the Company with immediate effect.”

(b) “**THAT** Mr. Xu Shengheng be appointed as executive director of the Company with immediate effect and the board of directors be authorized to fix his remuneration.”
4. (a) “**THAT** Mr. Jeffrey Soo Kim Fui be removed from the office of an executive director of the Company with immediate effect.”

(b) “**THAT** Mr. Jeffrey Soo Kim Fui be appointed as executive director of the Company with immediate effect and the board of directors be authorized to fix his remuneration.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. (a) “**THAT** Mr. Lu Chuan be removed from the office of a non-executive director of the Company with immediate effect.”

(b) “**THAT** Mr. Lu Chuan be appointed as non-executive director of the Company with immediate effect and the board of directors be authorized to fix his remuneration.”
6. (a) “**THAT** Ms. Laura Chan Man Kuen be removed from the office of an independent non-executive director of the Company with immediate effect.”

(b) “**THAT** Ms. Laura Chan Man Kuen be appointed as independent non-executive director of the Company with immediate effect and the board of directors be authorized to fix her remuneration.”
7. (a) “**THAT** Ms. Cai Xin be removed from the office of an independent non-executive director of the Company with immediate effect.”

(b) “**THAT** Ms. Cai Xin be appointed as independent non-executive director of the Company with immediate effect and the board of directors be authorized to fix her remuneration.”
8. (a) “**THAT** Mr. Calvin Chiu Chun Kit be removed from the office of an independent non-executive director of the Company with immediate effect.”

(b) “**THAT** Mr. Calvin Chiu Chun Kit be appointed as independent non-executive director of the Company with immediate effect and the board of directors be authorized to fix his remuneration.”
9. (a) “**THAT** Mr. Wu Shu Min be removed from the office of an executive director of the Company with immediate effect.”

(b) “**THAT** Mr. Wu Shu Min be appointed as executive director of the Company with immediate effect and the board of directors be authorized to fix his remuneration.”
10. “**THAT**:

(a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the exercise by the directors of the Company (“Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any issue of shares of the Company upon the exercise of existing warrants to subscribe for shares of the Company or the exercise of options granted under any share option scheme adopted by the Company; or (iii) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and (iii) the date on which the authority given to Directors by this resolution is revoked or varied by an ordinary resolution by shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares in the Company (“Shares”), or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF EXTRAORDINARY GENERAL MEETING

11. “**THAT** conditional upon the passing of the resolution numbered 10 as set out in the notice convening the Extraordinary General Meeting, the aggregate nominal value of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with resolution numbered 4B as set out in the notice convening the annual general meeting of the Company held on 6 February 2009 shall be added to the aggregate nominal value of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution numbered 10.”

12. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of US\$0.01 each (“Shares”) in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Scheme Limit (as defined below), the refreshment of the scheme limit of the Company’s share option scheme adopted on 22 November 2001, of up to 10 per cent. of the number of Shares in issue as at the date of passing this resolution (“Refreshed Scheme Limit”) be and is hereby approved and the directors of the Company be and are hereby authorized to grant options and allot and issue Shares pursuant to the exercise of any options granted under the Refreshed Scheme Limit and to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit in order to effect the foregoing.”

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

Hong Kong, 6 March 2009

As at the date hereof, the board of directors of the Company comprises Mr. Wu Shu Min, Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Mr. Soo Kim Fui, Jeffrey and Ms. Cheung Kwan 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.

Ms. Cheung Kwan, being an executive Director, Mr. Lu Chuan, being the non-executive Director and Ms. Cai Xin, being an independent non-executive Director, are unclear as to the list of members of the board of Directors of the Company as at the date hereof. These three Directors do not accept responsibility for the accuracy and content of the list of members of the Board of Directors of the Company as at the date hereof, stated in notice of extraordinary general meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A shareholder entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a shareholder of the Company.
2. 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Extraordinary General Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the Extraordinary General Meeting and in such event, the form of proxy shall be deemed to be revoked.