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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)

CHANGE OF AUDITORS

The Board announces that HLB will not stand for re-appointment as the auditors of the Company at the upcoming AGM.

The board of directors (the “Board”) of China Ground Source Energy Limited (the “Company”) has received a letter from HLB Hodgson Impey Cheng (“HLB”) dated 27 January 2010 (the “HLB Letter”), the auditors of the Company in respect of their decision not to stand for re-appointment as auditors of the Company at the upcoming annual general meeting of the Company to be held on 1 February 2010 (“AGM”), as the Company and HLB could not reach a consensus on the audit fee for the financial year ending 31 March 2010.

HLB further draws attention in the HLB Letter to the fact that the auditors’ report on the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 30 September 2009 was disclaimed because of the matters described in the basis for disclaimer of opinion paragraph set out in the auditors’ report dated 30 December 2009 to the consolidated financial statements of the Group for the year ended 30 September 2009 included in the Company’s annual report 2008/2009.

HLB has confirmed that there are no circumstances in addition to those disclosed above in connection with their decision not to stand for re-appointment as auditors of the Company that need to be brought to the attention of the holders of securities of the Company. The Board also confirms that there are no matters in relation to the change of auditors which need to be brought to the attention of the holders of securities of the Company.

The Board would like to take this opportunity to express its appreciation for the professional services of HLB extended to the Group in the past.

The Board has proposed to appoint SHINEWING (HK) CPA Limited as auditors of the Group to fill the vacancy following HLB's decision not to stand for re-appointment as auditors of the Company at the AGM, such appointment shall be subject to the approval of the shareholders of the Company at the AGM.

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

Hong Kong, 27 January 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.