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CHINA GROUND SOURCE ENERGY LIMITED

中國地能有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

**APPOINTMENT OF DIRECTORS
AND
MEMBERS OF AUDIT AND REMUNERATION COMMITTEE**

Reference is made to the announcement of China Ground Source Energy Limited (“**Company**”) dated 25 March 2009. The Board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to provide further information in relation to the directors appointed in the Company’s extraordinary general meeting (“**EGM**”) held on 25 March 2009.

Ms. Chan Wai Kay, Katherine (“**Ms. Chan**”) has been removed as an executive Director and has subsequently been appointed as executive Director and chairman of the Board with effect from 25 March 2009. 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 date of this announcement, Ms. Chan 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. 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.

Ms. Chan will enter into a service agreement with the Group in respect of her appointment as an executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three months’ written notice to the other. Pursuant to the Company’s Articles of Association, Ms. Chan is subject to retirement by rotation and re-election at annual general meetings of the Company. Ms. Chan will receive a director’s emolument of HK\$1,920,000 per annum, which is fixed with reference to market conditions and her duties and responsibilities with the Group, plus a discretionary bonus as determined by the Board provided that the amount of bonus payable to her for any financial year may not exceed 2% of the audited consolidated net profits of the Group after

taxation and minority interests but before extraordinary items attributable to the shareholders of the Company (“Shareholders”) of the relevant year.

As at the date of this announcement, Mr. Chow Ming Joe Raymond (“**Mr. Chow**”), spouse of Ms. Chan, holds 40,296,000 shares of the Company (“Shares”). Under the Securities and Futures Ordinance (“SFO”), Ms. Chan was deemed to be interested in the 40,296,000 Shares in which Mr. Chow is interested. Save as aforesaid, as at the date of this announcement, she 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. Xu Shengheng (“Mr. Xu”) has been removed as an executive Director and has subsequently been appointed as executive Director and chief executive officer with effect from 25 March 2009. 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 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 date of this announcement, Mr. Xu does not hold any positions with the Company or its subsidiaries, 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. 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.

Mr. Xu will enter into a service agreement with the Group in respect of his appointment as an executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three months’ written notice to the other. Pursuant to the Company’s Articles of Association, Mr. Xu is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Xu will receive a director’s emolument of HK\$1,920,000 per annum, which is fixed with reference to market conditions and his duties and responsibilities with the Group,

plus a discretionary bonus as determined by the Board provided that the amount of bonus payable to him for any financial year may not exceed 2% of the audited consolidated net profits of the Group after taxation and minority interests but before extraordinary items attributable to the Shareholders of the relevant year.

As at the date of this announcement, under the SFO, Mr. Xu is deemed to be interested in 1,015,464,000 Shares in which 2,808,000 Shares are held by Ms. Luk Hoi Man, the spouse of Mr. Xu and the remaining 1,012,656,000 Shares are held by Mr. Xu as beneficial owner. Mr. Xu, through his solely owned company namely, Ever Sincere Investment Ltd. also holds 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 aforesaid, as at the date of this announcement, 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 Shu Min (“Mr. Wu”), aged 45, has been removed as an executive Director and has subsequently been appointed as executive Director with effect from 25 March 2009. He is also a director of certain subsidiaries of the Company, namely II Networks International Limited, Far High International Limited, IIN Network Technology Limited, IIN Software Technology Limited, IIN Network Operations Limited, China Ground Source Energy (Hong Kong) Limited, Telechina Group Limited, Future Frontier Limited, Future Faith Group Limited, TM Technology Corporation, Wujiang Shengxin Optoelectronics Technology Co., Ltd., Hunan IIN International Co., Ltd., Guoxun Investment Co., Ltd., Chengdu TM Technology Corporation, Shenzhen Lidexun Environmental Protection Co., Ltd., Shenzhen Lisai Gardening Co., Ltd., Shenzhen Lisai Development Co., Ltd. and Beijing IIN Data Network Technology Co., Ltd. Mr. Wu 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.

Mr. Wu will enter into a new service agreement with the Group in respect of his appointment as an executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three months’ written notice to the other. Pursuant to the Company’s Articles of Association, Mr. Wu is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Wu will receive a director’s emolument of HK\$1,920,000 per annum, which is fixed with reference to market conditions and his duties and responsibilities with the Group, plus a discretionary bonus as determined by the Board provided that the amount of bonus payable for any financial year may not exceed 2% of the audited consolidated net profits of the Group after taxation and minority interests but before extraordinary items attributable to the Shareholders of the relevant year.

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, management shareholder, substantial shareholder or controlling shareholder of the Company. 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 date of this announcement, Mr. Wu also holds 146,023,000 Shares, representing 2.58% of the issued share capital of the Company. Save as aforesaid, as at the date of this announcement, 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.

Mr. Soo Kim Fui, Jeffrey (“Mr. Soo”), has been removed as an executive Director and has subsequently been appointed as executive Director and chief financial officer with effect from 25 March 2009. 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.

He is currently the qualified accountant of the Group. Save as disclosed above, as at the date of this announcement, Mr. Soo does not hold any positions with the Company or its subsidiaries, 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. 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.

Mr. Soo will enter into a service agreement with the Group in respect of his appointment as an executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three months’ written notice to the other. Pursuant to the Company’s Articles of Association, Mr. Soo is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Soo will receive a director’s emolument of HK\$600,000 per annum, which is fixed with reference to market conditions and his duties and responsibilities with the Group, plus a discretionary bonus as determined by the Board provided that the amount of bonus payable to him for any financial year may not exceed 2% of the audited consolidated net profits of the Group after taxation and minority interests but before extraordinary items attributable to the Shareholders of the relevant year.

As at the date of this announcement, Mr. Soo has no interests in the Shares within the meaning of Part XV of the SFO.

Mr. Fu Hui Zhong (傅慧忠), aged 49, has been appointed as the non-executive Director of the Company with effect from 25 March 2009. Mr. Fu obtained a Bachelor’s Degree in Science and completed MBA core courses in Shanghai Jiao Tong University. He held key position in various IT companies in the PRC. He has intensive experience in operating resources consolidation and business management. Mr. Fu will focus on the investors relationship management of the Group.

Mr. Fu was an executive Director and chief executive officer of the Company and a director of Far High International Limited from 16 July 2007 to 30 April 2008. Save as disclosed above, as at the date of this announcement, Mr. Fu does not hold any positions with the Company or its subsidiaries, 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. Mr. Fu does 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.

Mr. Fu will enter into an appointment letter with the Company in respect of his appointment as the non-executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three months' written notice to the other. Pursuant to the Company's Articles of Association, Mr. Fu is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Fu will receive an annual director's fee of HK\$240,000 which is fixed with reference to market conditions and his duties and responsibilities with the Group. As at the date of this announcement, Mr. Fu has no interests in the Shares within the meaning of Part XV of the SFO.

Ms. Chan Man Kuen, Laura ("Ms. Laura Chan") has been removed as an independent non-executive Director and has subsequently been appointed as independent non-executive Director, the chairman of remuneration committee and member of audit committee of the Company with effect from 25 March 2009. 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 date of this announcement, Ms. Laura Chan does not hold any positions with the Company or its subsidiaries, 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. 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.

Ms. Laura Chan had entered into an appointment letter with the Company in respect of her appointment as an independent non-executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three month's written notice to the other. Pursuant to the Company's Articles of Association, Ms. Laura Chan is subject to retirement by rotation and re-election at annual general meetings of the Company. Ms. Laura Chan will receive an annual director's fee of HK\$120,000 which is fixed with reference to market conditions and her duties and responsibilities with the Group. As at the date of this announcement, Ms. Laura Chan has no interests in the Shares within the meaning of Part XV of the SFO.

Mr. Chiu Chun Kit, Calvin ("Mr. Chiu") has been removed as an independent non-executive Director and has subsequently been appointed as independent non-executive Director, members of remuneration committee and audit committee of the Company with effect from 25 March 2009. 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 date of this announcement, Mr. Chiu does not hold any positions with the Company or its subsidiaries, 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. 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.

Mr. Chiu had entered into an appointment letter with the Company in respect of his appointment as an independent non-executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three month's written notice to the other. Pursuant to the Company's Articles of Association, Mr. Chiu is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Chiu will receive an annual director's fee of HK\$120,000 which is fixed with reference to market conditions and his duties and responsibilities with the Group. As at the date of this announcement, Mr. Chiu has no interests in the Shares within the meaning of Part XV of the SFO.

Mr. Jia Wenzeng ("Mr. Jia") has been appointed as an independent non-executive Director, the chairman of audit committee and member of remuneration committee of the Company with effect from 25 March 2009. Mr. Jia, aged 66, has been working on financial management since 1963 with in-depth research and practice on corporate financial management. His dissertation was awarded a second prize in the National Examination Seminar for Economy Dissertation (全國經濟論文評選會) in 1992.

Save as disclosed above, as at the date of this announcement, Mr. Jia does not hold any positions with the Company or its subsidiaries, 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. Save as disclosed, Mr. Jia 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.

Mr. Jia will enter into an appointment letter with the Company in respect of his appointment as an independent non-executive Director for a term of two years commencing from 25 March 2009 which can be terminated by either party by giving not less than three months' written notice to the other. Pursuant to the Company's Articles of Association, Mr. Jia is subject to retirement by rotation and re-election at annual general meetings of the Company. Mr. Jia will receive an annual director's fee of HK\$120,000 which is fixed with reference to market conditions and his duties and responsibilities with the Group. As at the date of this announcement, Mr. Jia has no interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other information of each of Ms. Chan, Mr. Xu, Mr. Wu, Mr. Soo, Mr. Fu, Ms. Laura Chan, Mr. Chiu and Mr. Jia which are required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters in relation to their appointments that need to be brought to the attention of the shareholders of the Company.

As at the date of this announcement, the board of directors of the Company comprises Ms. Chan Wai Kay, Katherine, Mr. Xu Shengheng, Mr. Wu Shu Min, and Mr. Soo Kim Fui, Jeffrey as executive directors, Mr. Fu Hui Zhong as non-executive director and, Ms. Chan Man Kuen, Laura, Mr. Chiu Chun Kit, Calvin and Mr. Jia Wenzeng as independent non-executive directors.

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

Hong Kong, 30 March 2009

This announcement, 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 enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 for 7 days from the date of its publication and on the website of the Company at www.iini.com.