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中國地能產業集團有限公司

CHINA GROUND SOURCE ENERGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

**APPOINTMENT OF EXECUTIVE DIRECTOR AND
INDEPENDENT NON-EXECUTIVE DIRECTORS,
RE-DESIGNATION OF NON-EXECUTIVE DIRECTOR
TO EXECUTIVE DIRECTOR
AND
CHANGE OF COMPOSITION OF BOARD COMMITTEES**

The Board hereby announces that:—

- (1) Mr. Wang Manquan has been appointed as executive Director of the Company with effect from 29 December 2016;
- (2) Mr. Dai Qi has been re-designated from his position as non-executive Director of the Company to executive Director of the Company with effect from 29 December 2016;
- (3) Mr. Wu Qiang has been appointed as independent non-executive Director, members of the nomination committee, remuneration committee and audit committee of the Company with effect from 29 December 2016;
- (4) Mr. Guo Qingui has been appointed as independent non-executive Director, members of the nomination committee, remuneration committee and audit committee of the Company with effect from 29 December 2016; and
- (5) Mr. Wu Desheng, an independent non-executive Director of the Company, has been appointed as chairman of remuneration committee with effect from 1 January 2017.

APPOINTMENT OF EXECUTIVE DIRECTOR AND RE-DESIGNATION OF NON-EXECUTIVE DIRECTOR TO EXECUTIVE DIRECTOR

The board of directors (the “**Board**”) of China Ground Source Energy Industry Group Limited (the “**Company**”) hereby announces that, with effect from 29 December 2016, Mr. Wang Manquan (“**Mr. Wang**”) has been appointed as executive Director of the Company and Mr. Dai Qi (“**Mr. Dai**”) has been re-designated from his position as non-executive Director of the Company to executive Director of the Company.

The biographical details of Mr. Wang are set out as follows:

Mr. Wang Manquan, aged 54, Senior Engineer, graduated from Beijing Municipal Committee of the CPC Party School with a bachelor’s degree in Business Management in 2007. He joined in Ever Source Science and Technology Development Group Co., Limited*, a wholly owned subsidiary of the Company, in 2001. Previously, Mr. Wang was the vice president of Ever Source Science and Technology Development Group Co., Ltd.* and currently serves as the chief executive officer of the company and general manager of Ever Source Science and Technology Development Group Co., Ltd.. Prior to joining in the Group, Mr. Wang served as the head of Beijing Haidian Sijiqing Heat Exchanger Factory. Mr. Wang has been engaged in leadership of project management for mechanical and electrical equipment installation for more than 15 years, and specializes in comprehensive application technology of geothermal energy heating system. He has extensive business management experience.

Mr. Wang is also currently the directors of various subsidiaries of the Company, including 北京恒有源環境系統設備安裝工程有限公司, 北京源泉鑽井工程有限公司, 北京恒有源物業管理有限公司, 北京海興園供熱服務有限公司, 北京京豐恒有源熱力科技有限公司, 綿陽市金恒源地能科技有限公司, CHYY (USA), LLC and Keyray Investments Limited.

Save as disclosed above, as at the date of this announcement, Mr. Wang 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. Under the SFO, Mr. Wang holds 512,000 shares of the Company and 27,000,000 share options of the Company. Save as disclosed above, Mr. Wang has no interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Wang did not hold any directorships in any listed companies in the past three years.

Mr. Wang will enter into a service agreement with the Company in respect of his appointment as executive Director for a term of three years commencing from 29 December 2016 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. Wang is subject to retirement by rotation and re-election at general meetings of the Company. Mr. Wang will receive a director’s emolument of HK\$954,000 per annum which was fixed by the Board based on the recommendations of the

Remuneration Committee with reference to market conditions and his duties and responsibilities with the Group. In addition, Mr. Wang will be entitled to receive an annual bonus based on the performance of the Group.

Save as disclosed above, there are no other information in relation to the appointment of Mr. Wang 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 of the Company.

The biographical details of Mr. Dai are set out as follows:

Mr. Dai Qi, aged 34, a non-executive Director of the Company, graduated from Southwest Jiaotong University with a master's degree of management. Previously, he worked at Beijing Dongcheng Branch of Shenzhen Development Bank as a senior account executive and held positions with Strategic Management Department of China Energy Conservation Investment Corporation and Strategic Management Department of China Energy Conservation and Environmental Protection Group. Besides, he acted as deputy general manager of Investment and Capital Operation Department of CECEP (HK). He has been acting as Administrative Director of the Company since September 2012. Mr. Dai is also currently the vice president of the Group and vice president of Ever Source Science and Technology Development Group Co., Ltd.*

Save as disclosed above, as at the date of this announcement, Mr. Dai 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. Mr. Dai has no interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Dai did not hold any directorships in any listed companies in the past three years.

Mr. Dai will enter into a service agreement with the Company in respect of his appointment as executive Director for a term of three years commencing from 29 December 2016 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. Dai is subject to retirement by rotation and re-election at general meetings of the Company. Mr. Dai will receive a director's emolument of HK\$780,000 per annum which was fixed by the Board based on the recommendations of the Remuneration Committee with reference to market conditions and his duties and responsibilities with the Group.

Save as disclosed above, there are no other information in relation to the appointment of Mr. Dai 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 of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board further announces that, with effect from 29 December 2016, each of Mr. Wu Qiang (“**Mr. Wu**”) and Mr. Guo Qingui (“**Mr. Guo**”) has been appointed as independent non-executive Director, members of the nomination committee, remuneration committee and audit committee of the Company.

The biographical details of Mr. Wu are set out as follows:

Mr. Wu Qiang, aged 57, graduated from China University of Geosciences, Beijing in 1991 and obtained the doctoral degree in Engineering. Mr. Wu is currently a professor of China University of Mining & Technology, Beijing and a member of China Academy of Engineering. Mr. Wu was honored with the “Li Siguang Geological Science Award” and received many honorable titles including the leader of Chang Jiang Scholars Program of the Ministry of Education, one of ten winners of the first “Outstanding Postdoctoral Award of China”, “National Outstanding Teacher” and the State-selected candidate of the first project of “Hundreds, Thousands, and Ten Thousands of Talents for the New Century” of the Ministry of Education. In addition, he is one of the recipients of special government allowance granted by the State Council. Mr. Wu is a member of the Executive Council of International Mine Water Association (IMWA), the president of national committee of IMWA China and one of the associate editor of Mine Water and the Environment, the SCI-indexed journal. He also serves as a member of China Association for Science and Technology, a member of Commission of Technology under State Administration of Work Safety and the head of “Expert Panel On Hydrogeology” under the State Administration of Coal Mine Safety.

Mr. Wu has published many books and over 300 academic articles. His works were honored with two Second Class Awards of National Science and Technology Progress Award, 10 first class awards of provincial award, while nearly 40 invention patents were granted by Hong Kong and China and 27 national software copyrights were granted. He worked as the chief editor for preparation of a number of reference books, such as national technology standards and manuals. Mr. Wu has trained dozens of post-doctoral fellows and doctoral candidates. The research team under his leadership was awarded Outstanding Innovation Team of the Ministry of Education and the “Team of Safety in Mines” of China Association for Science and Technology.

Save as disclosed above, as at the date of this announcement, Mr. Wu 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. Mr. Wu has no interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Wu did not hold any directorships in any listed companies in the past three years.

Mr. Wu 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 29 December 2016 which can be terminated by either party by giving not less than three months’ written notice to the other. Mr. Wu will receive an annual director’s fee of HK\$150,000, which is fixed with reference to the market conditions and his duties and responsibilities as well as the director’s fee payable to the

existing independent non-executive Director of the Company. Pursuant to the Company's Articles of Association, Mr. Wu is subject to retirement by rotation and re-election at general meetings of the Company.

The Company is of the view that Mr. Wu meets the independence requirements of the GEM Listing Rules.

Save as disclosed above, there are no other information in relation to the appointment of 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 of the Company.

The biographical details of Mr. Guo are set out as follows:

Mr. Guo Qingui, aged 44, graduated from the School of Law of Zhengzhou University. Mr. Guo obtained the Master Degree of Peking University Law School in 2005 and the Executive Master of Business Administration (EMBA) degree from Tsinghua University School of Economics and Management in 2015. He was admitted as a lawyer in China in 1995. As a practicing lawyer in China, he served in Grandall Law Firm (Beijing), Zhong Lun Law Firm (Beijing) and King & Wood Mallesons. He currently serves as a managing partner and a lawyer of Zhongxin Law Firm in Beijing.

Save as disclosed above, as at the date of this announcement, Mr. Guo 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. Mr. Guo has no interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Guo did not hold any directorships in any listed companies in the past three years.

Mr. Guo 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 29 December 2016 which can be terminated by either party by giving not less than three months' written notice to the other. Mr. Guo will receive an annual director's fee of HK\$150,000, which is fixed with reference to the market conditions and his duties and responsibilities as well as the director's fee payable to the existing independent non-executive Director of the Company. Pursuant to the Company's Articles of Association, Mr. Guo is subject to retirement by rotation and re-election at general meetings of the Company.

The Company is of the view that Mr. Guo meets the independence requirements of the GEM Listing Rules.

Save as disclosed above, there are no other information in relation to the appointment of Mr. Guo 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 of the Company.

CHANGE OF COMPOSITION OF THE NOMINATION COMMITTEE

The Board further announces that, Mr. Wu Qiang and Mr. Guo Qingui has been appointed as members of the nomination committee (the “**Nomination Committee**”) of the Company with effect from 29 December 2016. Hence, with effect from 29 December 2016, the Nomination Committee shall comprise Mr. Xu Shenheng as Chairman, Mr. Liu Dajun as Deputy Chairman and Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and Mr. Zhang Honghai as members of the Nomination Committee. However, with reference to the Company’s announcement dated 23 December 2016 in relation to the resignation of Mr. Zhang Honghai, Mr. Zhang has resigned from the position of member of Nomination Committee to be effective from 1 January 2017.

CHANGE OF COMPOSITION OF THE REMUNERATION COMMITTEE

The Board further announces that, Mr. Wu Qiang and Mr. Guo Qingui has been appointed as members of the remuneration committee (the “**Remuneration Committee**”) of the Company with effect from 29 December 2016 and Mr. Wu Desheng, an independent non-executive Director of the Company, has been appointed as chairman of remuneration committee with effect from 1 January 2017. Hence, with effect from 29 December 2016, the Remuneration Committee shall comprise Mr. Zhang Honghai as Chairman, Mr. Xu Shenheng and Mr. Liu Dajun as Deputy Chairman and Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang and Mr. Guo Qingui as members of the Remuneration Committee. However, with reference to the Company’s announcement dated 23 December 2016 in relation to the resignation of Mr. Zhang Honghai, Mr. Zhang has resigned from the position of chairman of Remuneration Committee to be effective from 1 January 2017. Hence, with effect from 1 January 2017, the Remuneration Committee shall comprise Mr. Wu Desheng as Chairman, Mr. Xu Shenheng and Mr. Liu Dajun as Deputy Chairman and Mr. Jia Wenzeng, Mr. Wu Qiang and Mr. Guo Qingui as members of the Remuneration Committee

CHANGE OF COMPOSITION OF THE AUDIT COMMITTEE

The Board further announces that, Mr. Wu Qiang and Mr. Guo Qingui has been appointed as members of the audit committee (the “**Audit Committee**”) of the Company with effect from 29 December 2016. Hence, with effect from 29 December 2016, the Audit Committee shall comprise Mr. Jia Wenzeng as Chairman, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Guo Qingui and Mr. Zhang Honghai as members of the Audit Committee. However, with reference to the Company’s announcement dated 23 December 2016 in relation to the resignation of Mr. Zhang Honghai, Mr. Zhang has resigned from the position of member of Audit Committee to be effective from 1 January 2017.

By Order of the Board of
China Ground Source Energy Industry Group Limited
Xu Shenghang
Joint Chairman & Executive Director

Hong Kong, 29 December 2016

As at the date of this announcement, the Board comprises Mr. Liu Dajun, Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine, Mr. Wang Manquan, Mr. Zang Yiran and Mr. Dai Qi as executive Directors, Mr. Zhao Youmin as non-executive Director, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Zhang Honghai, Mr. Wu Qiang and Mr. Guo Qingui as independent non-executive Directors.

This announcement, for which the directors of the Company 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the website of the Company at www.cgsenergy.com.hk.