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CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED

中國智慧能源集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

**SUPPLEMENTARY ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT FOR THE NINE MONTHS PERIOD ENDED
31 DECEMBER 2018**

Reference is made to the annual report of China Smarter Energy Group Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) issued on 29 April 2019 for the nine months period ended 31 December 2018 (the “**2018 Annual Report**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the 2018 Annual Report.

**USE OF PROCEEDS FROM SUBSCRIPTION OF NEW SHARES UNDER THE
GENERAL MANDATE**

As disclosed in the announcements of the Company dated 15 November 2016 and 6 December 2016, (i) the Company entered into subscription agreements dated 15 November 2016 with three subscribers, which were then independent third parties of the Company, pursuant to which the Company allotted and issued 1,560,000,000 shares of the Company of HK\$0.0025 each in aggregate under general mandate at a subscription price of HK\$0.65 per share (the “**Subscription**”), and (ii) the gross proceeds of the Subscription are approximately HK\$1,014 million (the “**Subscription Proceeds**”), which were intended to be used by the Company for a combined purpose of 1) the development of its photovoltaic power-related business; and 2) general working capital.

The following tables set out the utilisation of the Subscription Proceeds in different financial year/period:

For the year ended 31 March 2018

	Amount used from the date of completion of the Subscription to 31 March 2017 <i>HK\$ million</i> <i>Note 1</i>	Amount used for the financial year ended 31 March 2018 <i>HK\$ million</i> <i>Note 2</i>	Amount used from 1 April 2018 to the date of issue of the annual report for the year ended 31 March 2018 <i>HK\$ million</i>	Amount unused as at the date of issue of the annual report for the financial year ended 31 March 2018 <i>HK\$ million</i>	Amount expected to be used as at 31 December 2018 <i>HK\$ million</i> <i>Note 3</i>
1) development of photovoltaic power-related business; and	0.0	470.6	4.3		
2) general working capital	8.6	34.8	2.6		
	<u>8.6</u>	<u>505.4</u>	<u>6.9</u>	<u>493.1</u>	<u>493.1</u>

For the nine months period ended 31 December 2018

	Remaining Subscription Proceeds brought forward <i>HK\$ million</i>	Amount used for the nine months period ended 31 December 2018 <i>HK\$ million</i>	Amount used from 1 January 2019 to the issue date of 2018 Annual Report <i>HK\$ million</i>	Amount unused as at the date of issue of 2018 Annual Report <i>HK\$ million</i> <i>Note 4</i>	Amount expected to be used as at 31 December 2019 <i>HK\$ million</i> <i>Note 5</i>
1) development of photovoltaic power-related business; and		5.2	0.0		
2) general working capital		381.5	15.6		
	<u>493.1</u>	<u>386.7</u>	<u>15.6</u>	<u>97.7</u>	<u>97.7</u>

Notes:

1. The Subscription proceeds of HK\$1,014 million were raised upon the completion of the Subscription on 6 December 2016. As at 31 March 2017, HK\$8.6 million was used for working capital purposes.
2. As at 31 March 2018, as a result of the acquisitions of 4 photovoltaic power plants through the acquisitions of subsidiaries (details of which are set out in the annual report for the year ended 31 March 2018), HK\$470.6 million was utilised for the mentioned acquisitions. HK\$34.8 million, however, was used for working capital purpose.
3. On 13 March 2018, the Group entered into a sale and purchase agreement to acquire a grid-connected solar power project with an installed capacity of 300 megawatt located in Ningdong, Ningxia, the People's Republic of China ("**Ningdong Solar Project**"), the equity consideration of which amounts to approximately RMB835 million. Accordingly, the Company intended to utilise the remaining Subscription Proceeds of HK\$493.1 million in the nine months period ended 31 December 2018 so as to complete the mentioned acquisition.
4. As additional time is required by vendors of Ningdong Solar Project to procure the conditions precedent to be fulfilled for the acquisition, details of which are set out in the announcements of the Company dated 29 March 2018, 24 May 2018, 27 June 2018, 27 September 2018 and 29 March 2019, the acquisition delayed, rendering into the intended full utilisation of the remaining Subscription Proceeds of HK\$493.1 million in the nine months period ended 31 December 2018, as disclosed in the annual report for the year ended 31 March 2018, unfulfilled.
5. The Company expects the remaining Subscription Proceeds of HK\$97.7 million as at the date of issue of 2018 Annual Report will be utilised in the year ending 31 December 2019 upon the development/completion of the acquisition of Ningdong Solar Project or use for working capital purpose.

By order of the Board
China Smarter Energy Group Holdings Limited
Zhang Liang
Chairman

Hong Kong, 1 November 2019

As at the date of this announcement, Mr. Zhang Liang, Mr. Ko Tin Kwok, Mr. Hu Hanyang and Mr. Weng Xiaoquan are the executive directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau are the independent non-executive directors of the Company.

* *for identification purpose only*