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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in China Smarter Energy Group Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)****MAJOR TRANSACTION – DISPOSAL OF A SUBSIDIARY;  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined under the section headed “Definitions” of this circular.

A letter from the Board regarding the Disposal is set out on pages 7-23 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on 11 November 2022 at Portion 2, 12/F The Center, 99 Queen’s Road Central, Central, Hong Kong is set out on pages 43-46 of this circular.

A form of proxy for use at the SGM is enclosed herewith. Such form of proxy is also published on the website of the Stock Exchange ([www.hkexnew.hk](http://www.hkexnew.hk)) and the website of the Company ([www.cse1004.com](http://www.cse1004.com)).

Whether or not you intend to attend the SGM, you are advised to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if you so wish.

\* *For identification purpose only*

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## DEFINITIONS

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

“AI Global”	AI Global Investment SPC (formerly known as Haitong Global Investment SPC III) acting on behalf of and for the account of AI Investment Fund S.P. (formerly known as Haitong Dynamic Investment Fund II S.P.), an exempted company incorporated with limited liability under the laws of Cayman Islands
“AI Global Petition”	the winding-up petition dated 9 July 2020 issued by AI Global being the petitioner against the Company, concerning a sum of US\$7,600,666.67
“AI Global Settlement Agreement”	the settlement agreement dated 1 February 2021, entered into between, <i>inter alia</i> , the Company and AI Global in respect of, among other things, the settlement of any and all obligations under, among other things, the convertible bonds issued by the Company to Haitong International Financial Products Limited, the Haitong Settlement Agreement and the Haitong Supplemental Settlement Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (not being a Saturday or Sunday or public holiday) when banks generally are open in the PRC for the transaction of general banking business
“Buyer”	甘肅錦泰電力有限責任公司 (Gansu Jintai Electricity Company Limited*), a company incorporated in the PRC
“Bye-laws”	the bye-laws of the Company currently in force
“Cheer Hope”	Cheer Hope Holdings Limited, a limited company incorporated under the laws of the British Virgin Islands
“Cheer Hope Petition”	the winding-up petition dated 15 May 2020 issued by Cheer Hope being the petitioner against the Company, concerning a sum of US\$26,401,747.22

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## DEFINITIONS

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“Cheer Hope Settlement Agreement”	the settlement agreement dated 1 February 2021, entered into between, <i>inter alia</i> , the Company and Cheer Hope in respect of, among other things, the settlement of the outstanding amount under the coupon bonds issued by the Company to Cheer Hope
“Company”	China Smarter Energy Group Holdings Limited, a company incorporated under the laws of Bermuda as an exempted company with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1004)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration of RMB350 million, payable by the Buyer to the Seller for the Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Designated Account(s)”	the bank account(s) designated by the Seller for the receipt of the Consideration
“Directors”	the directors of the Company from time to time
“Disposal”	the disposal of (i) the Sale Shares and (ii) the Sale Loan, pursuant to the terms and conditions of the Sale and Purchase Agreement
“Export-Import Bank of China”	a state-funded and state-owned policy bank with the status of an independent legal entity established in the PRC
“First Payment Condition”	completion of the Operation Handover
“First Sale and Purchase Agreement”	the sale and purchase agreement in respect of the disposal of a subsidiary of the Company dated 3 December 2020 between 上海國之杰智慧能源有限公司 (Shanghai Gorgeous Smarter Energy Company Limited*) and 新疆絲路坤元能源有限責任公司 (Xinjiang Silk Road Kunyuan Energy Company Limited*)
“Gansu”	the Gansu province in the PRC
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Haitong Settlement Agreement”	the settlement agreement dated 29 November 2019 between Haitong Global Investment SPC III and the Company, in respect of the outstanding principal amount of the convertible bonds issued by the Company to Haitong International Financial Products Limited together with interest accrued, amounted to US\$20,477,583.33 (equivalent to approximately HK\$159,725,149.97), as disclosed in the announcement of the Company dated 29 November 2019
“Haitong Supplemental Settlement Agreement”	the supplemental settlement agreement to the settlement agreement dated 7 April 2020 between Haitong Global Investment SPC III and the Company, as disclosed in the announcement of the Company dated 7 April 2020
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Jinchang Disheng”	金昌迪生太陽能發電有限公司 (Jinchang Disheng Solar Energy Company Limited*), a company incorporated in the PRC, a wholly owned subsidiary of the Seller and an indirect wholly-owned subsidiary of the Company
“Jinchang Disheng Pledge”	the pledge of the Sale Shares by the Seller to the Export-Import Bank of China
“Jinchang Jintai”	Jinchang Jintai Photovoltaic Company Limited (金昌錦泰光伏電力有限公司), a wholly-owned subsidiary of the Company

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## DEFINITIONS

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“Latest Practicable Date”	24 October 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 6 August 2020, entered into between 上海國之杰智慧能源有限公司 (Shanghai Gorgeous Smarter Energy Company Limited*) and 新疆絲路坤元能源有限責任公司 (Xinjiang Silk Road Kunyuan Energy Company Limited*) in respect of the disposal of a subsidiary of the Company
“Nine United”	Nine United International Limited, a limited company incorporated under the laws of the British Virgin Islands
“Nine United Petition”	the winding-up petition dated 3 September 2021 issued by Nine United being the petitioner against the Company on the ground that the Company allegedly failed to repay its debts of US\$4,516,528.77 and HK\$5,510,795.06 respectively
“Nine United Settlement Agreement”	the settlement agreement dated 10 June 2022, entered into between, <i>inter alia</i> , the Company and Nine United in respect of, among other things, the settlement of the Nine United Petition
“Operation Handover”	the handover of operation in Jinchang Disheng pursuant to the terms of the Sale and Purchase Agreement. For the avoidance of doubt, the change of directors, supervisor and senior management of Jinchang Disheng shall be processed and registered at the Completion
“Paris Agreement”	the international treaty on climate change entered into by certain parties to the United Nations
“Parties”	collectively, the Seller and the Buyer, being the parties to the Sale and Purchase Agreement, and each a “Party”
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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## DEFINITIONS

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“Remaining Group”	the Company and its subsidiaries after the Disposal
“Retiring Directors”	collectively, Ms. Yue Lu and Mr. Kwok Shun Sing, and each a “Retiring Director”
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement in respect of the Disposal dated 27 January 2021 between the Seller and the Buyer
“Sale Loan”	the outstanding shareholder’s loan of approximately RMB138.48 million due from Jinchang Disheng to 上海國之杰智慧能源有限公司 (Shanghai Gorgeous Smarter Energy Company Limited*), a company incorporated in the PRC and the holding company of the Seller
“Sale Shares”	the entire issued share capital in Jinchang Disheng
“Seller”	青島谷欣電力投資有限公司 (Qingdao Guxin Electricity Investment Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company holding the 100% interest in Jinchang Disheng
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve (i) the Disposal and the transactions contemplated thereunder; and (ii) the proposed re-election of the Retiring Directors
“Shareholders”	shareholders of the Company
“Share(s)”	share(s) of HK\$0.0025 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	U.S. dollar, the lawful currency of the U.S.
“U.S.”	the United States of America
“Winding-up Petitioners”	collectively, Cheer Hope and AI Global, being winding-up petitioners against the Company, and each a “Winding-up Petitioner”

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## DEFINITIONS

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“United Nations” an international organization founded in 1945

“%” per cent.

\* *For identification purposes only*



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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Chen Xiaxuan

Mr. Bo Dateng

Ms. Yue Lu

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Independent non-executive Directors:*

Mr. Pun Hau Man

Mr. Lo Ka Li

Mr. Kwok Shun Sing

*Head office and principal place  
of business in Hong Kong:*

Room 2609, 26/F

Great Eagle Centre

No.23 Harbour Road

Wan Chai, Hong Kong

26 October 2022

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION – THE DISPOSAL OF A SUBSIDIARY**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 27 January 2021 in relation to the Disposal.

On 27 January 2021 (after trading hours), the Seller, an indirect wholly-owned subsidiary of the Company, and the Buyer entered into the Sale and Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire (i) the Sale Shares, representing the entire issued share capital in Jinchang Disheng and (ii) the Sale Loan at the Consideration in cash.

\* For identification purposes only

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## LETTER FROM THE BOARD

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As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal exceed 25% but are less than 75%, the Disposal contemplated under the Sale and Purchase Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) details of the Sale and Purchase Agreement and the Disposal; (ii) the financial information of the Group and Jinchang Disheng; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the SGM for considering and, if thought fit, approving, confirming and ratifying the Sale and Purchase Agreement and the transactions contemplated thereunder.

### THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set forth below:

#### Date

27 January 2021

#### Parties

- (i) Seller: 青島谷欣電力投資有限公司 (Qingdao Guxin Electricity Investment Company Limited\*), an indirect wholly-owned subsidiary of the Company
- (ii) Buyer: 甘肅錦泰電力有限責任公司(Gansu Jintai Electricity Company Limited\*)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Buyer and its ultimate beneficial owners are Independent Third Parties.

#### Subject matters of the Disposal

Pursuant to the Sale and Purchase Agreement, the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire (i) the Sale Shares, representing the entire issued share capital in Jinchang Disheng; and (ii) the Sale Loan.

Details of Jinchang Disheng are included under the paragraph headed "Information on Jinchang Disheng and the Buyer" in this circular.

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## LETTER FROM THE BOARD

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### **Consideration**

Pursuant to the Sale and Purchase Agreement, the consideration for the Disposal is RMB350 million.

#### **(a) *Payment of the Consideration***

The Consideration shall be payable by the Buyer to the Seller in the following manners:

- (i) First payment: RMB300 million shall be paid into the Designated Account(s) within 7 Business Days upon satisfaction of the First Payment Condition; and
- (ii) Second payment: RMB50 million shall be paid to the Seller within 7 Business Days upon the first anniversary of the Completion and upon the Seller's satisfaction of continuing obligations specified in the Sale and Purchase Agreement.

Upon signing of the Sale and Purchase Agreement on 27 January 2021, the Operation Handover was completed and the First Payment Condition has been fulfilled on the same day. The first payment has been settled by the Buyer on 3 February 2021 primarily for the settlement of debts due to the Winding-up Petitioners. As at the Latest Practicable Date, approximately RMB163 million of the proceeds from the first payment has been used for payment of settlement sum to Cheer Hope pursuant to the Cheer Hope Settlement Agreement, and approximately RMB130 million of the proceeds from the first payment has been used for payment of settlement sum to AI Global pursuant to the AI Global Settlement Agreement. For the remaining proceeds of the first payment, please refer to the section headed "INTENDED USE OF PROCEEDS" for further details.

#### **(b) *Basis of the Consideration***

The Consideration was determined after arm's length negotiations between the Seller and the Buyer and on normal commercial terms. In reaching the Consideration, the Group took account of the following reasons and made reference to the audited consolidated net asset value (total assets minus total liabilities) of Jinchang Disheng as at 31 December 2020 of approximately RMB380 million and the Sale Loan of approximately RMB138.48 million. The Consideration in the sum of RMB350 million represents a discount of approximately 32.5% to the said sum of the net asset value and the Sale Loan (or a discount of approximately RMB169 million). The Sale Loan will be waived upon receipt of full Consideration pursuant to the Sale and Purchase Agreement.

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## LETTER FROM THE BOARD

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The Directors consider that the Consideration and the discount is reasonable for the following reasons: -

- (i) Reference is made to the announcements of the Company dated 15 May 2020, 20 May 2020 and 10 July 2020 relating to the Winding-up Petitions. In order to raise enough funds to repay the outstanding debts owed to the Winding-up Petitioners, the Company has approached and negotiated with different potential buyers in respect of the disposal of Jinchang Dishang, including Xinjiang Silk Road Kunyuan Energy Company Limited, with whom the Company has entered into the First Sale and Purchase Agreement on 3 December 2020. Unfortunately, the First Sale and Purchase Agreement was terminated due to, among other things, unfulfillment of certain conditions therein.

Following the termination of the First Sale and Purchase Agreement, the Company was under a pressure for an imminent need of immediate available cash for settlement of the outstanding debts and legal actions brought against the Group. In particular, the hearing for the Cheer Hope Petition was initially set on 26 January 2021 and the hearing for the AI Global Petition was initially set on 27 January 2021. Among the potential buyers, the Buyer was the only party agreed to pay a substantial portion of upfront payment before the completion of the Sale and Purchase Agreement and was willing to promptly fulfil its payment obligation with regard to the first payment under the Sale and Purchase Agreement as soon as the signing of the Sale and Purchase Agreement and the completion of Operation Handover of Jinchang Disheng, namely the delivery of legal documentations and allowing the Buyer to take part in the operation of Jinchang Disheng.

Upon receiving the first payment from the Buyer, the Company was in a better position to negotiate with the Winding-up Petitioners for reaching settlement agreements. AI Global Settlement Agreement and Cheer Hope Settlement Agreement were signed on 1 February 2021 and the AI Global Petition and Cheer Hope Petition were withdrawn and dismissed on 5 February 2021 and 30 April 2021 respectively. For further details of the winding-up proceedings, please refer to the section headed “6. LITIGATION” in Appendix II of this circular.

- (ii) Due to the insufficient demand in the Gansu area and the limitations in electricity transmission capability, Jinchang Disheng has been operating at the curtailment rate of 10% to 20% over the years, as such, the actual production of electricity represented a discount of approximately 10% to 20% of the production capacity; and

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## LETTER FROM THE BOARD

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- (iii) As a measure to alleviate the curtailment situation in the Gansu area, the local government has implemented policies to boost actual production and lower the curtailment rate. In particular, the local government encouraged trading of electricity through the marketisation of electricity. As a result, the actual rate of transaction for Jinchang Disheng's electricity has been lowered from RMB1 per kilowatt hour to approximately RMB0.85 per kilowatt hour, representing a discount of 15%, with the market expecting a further decrease in the actual rate of transaction.

Based on the aforementioned, the Directors consider that the Consideration is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

### **Conditions Precedent**

Completion is conditional upon the satisfaction of the following conditions precedent:

- (a) the Seller obtaining all necessary approvals and documentations in accordance with the Listing Rules, including the approval from the Shareholders of the Company in the SGM;
- (b) the Seller obtaining the consents from the Winding-up Petitioners and that the High Court has granted a validation order for the Disposal or the Winding-up Petitioners have withdrawn their respective winding-up petitions;
- (c) The Export-Import Bank of China having agreed to release the Jinchang Disheng Pledge; and
- (d) the Buyer having made the first payment of the Consideration totaling RMB300 million into the Designated Account(s).

As at the date of this circular, the conditions under sub-paragraphs (b), (c) and (d) have been satisfied.

Under the Sale and Purchase Agreement, there is no provision providing that any of the conditions precedent can be waived.

### **Completion**

Subject to satisfaction of the conditions precedent, completion shall take place upon completion of the registration procedures regarding the Disposal with the relevant administrative authority for industry and commerce in the PRC. The Parties shall duly file the application for registration at a date to be agreed between the Parties, but in any event within 3 days upon the satisfaction of the conditions precedent.

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## LETTER FROM THE BOARD

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### Events after the date of the Sale and Purchase Agreement

Reference is made to the announcement of the Company dated 27 January 2021 in relation to the major disposal of a subsidiary of the Company, the annual report for the year ended 31 December 2020, the interim report for the period ended 31 June 2021 and audited annual results for the year ended 31 December 2021.

Pursuant to the terms of the Sale and Purchase Agreement, the Operation Handover in Jinchang Disheng, namely the delivery of legal documentations and allowing the Buyer to take part in the operation of Jinchang Disheng, was completed on 27 January 2021.

It was not the intention of the then management of the Company under the Sale and Purchase Agreement to transfer the ownership of Jinchang Disheng under the Operation Handover. As provided in the Sale and Purchase Agreement, the Seller shall retain the voting rights in shareholders' meeting before Completion and the change of ownership and change of directors, supervisor and senior management of Jinchang Disheng shall only be taken place at the Completion after the fulfillment of all the conditions precedent, including, among others, the approval from the Shareholders in the SGM, the Winding-up Petitioners having withdrawn their respective winding-up petitions and the payment of the first payment of the Consideration. The said first payment was settled by the Buyer on 3 February 2021 and hence the Company had sufficient financial resources to repay the outstanding debts owed to the Winding-up Petitioners, which led to the withdrawal and dismissal of the AI Global Petition and Cheer Hope Petition on 5 February 2021 and 30 April 2021 respectively.

Pursuant to the Sale and Purchase Agreement, during the period from the Operation Handover to the Completion, the economic benefits or losses arising from Jinchang Disheng shall be borne by the Buyer. After the Completion, the economic benefits or losses arising from Jinchang Disheng shall belong to the Buyer. However, if the Disposal does not proceed or the Buyer breaches the terms of the Sale and Purchase Agreement, the Company and the Seller will claim against the Buyer for the economic benefits and losses arising from Jinchang Disheng after the Operation Handover.

However, shortly after the Operation Handover, in contravention of the terms of the Sale and Purchase Agreement, the Buyer has effected the change of the registered owner of Jinchang Disheng with relevant authorities from the Seller to the Buyer without the consent of the Seller or involvement of the Group ("**Unauthorized Change of Registered Owner**").

According to the opinion from the Group's legal advisor, the Unauthorised Change of Registered Owners was not made in accordance with the terms of the Sale and Purchase Agreement. Upon seeking advice from the Group's legal advisor, the Seller commenced a series of actions including an arbitration proceeding against the Buyer in respect of, among other things, to request for the transfer of registered ownership of Jinchang Disheng back to the Seller, and an arbitral award decision was granted against the Seller on 9 June 2022 which was final, binding and conclusive.

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## LETTER FROM THE BOARD

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Being advised by its legal advisor, the Company is evaluating different strategies, such as further negotiating with the Buyer to transfer back the ownership and if failing of which, to commence court proceedings against the Buyer for its infringement of rights of the Company to reclaim the ownership of Jinchang Disheng, and to claim for all losses and damages of the Group from the date of the occurrence of the Unauthorized Change of Registered Owner to the date when the Seller has regained the ownership of Jinchang Disheng.

Although the Completion of the Disposal has not yet been taken place, the Unauthorised Change of Registered Owner resulted in the Group being unable to access the financial information of Jinchang Disheng and for accounting purpose, the Company accounted for the Unauthorised Change of Registered Owner as a deemed disposal of Jinchang Disheng and waiver of the Sale Loan under the annual results for the year ended 31 December 2021. Notwithstanding the said deemed disposal, based on the opinion from the Group's legal advisor of its rights to take action to reclaim its ownership and the terms of the Sale and Purchase Agreement, the Directors consider that the Group remained as a beneficial owner of Jinchang Disheng as at the date of the Latest Practicable Date.

The next actions to be taken by the Company would be dependent upon the voting result of the Shareholders at the SGM. The implications of the voting results of the Shareholders at the SGM would be further discussed in below sections headed "Implications of approving the Disposal" and "Implications of not approving the Disposal" of this circular.

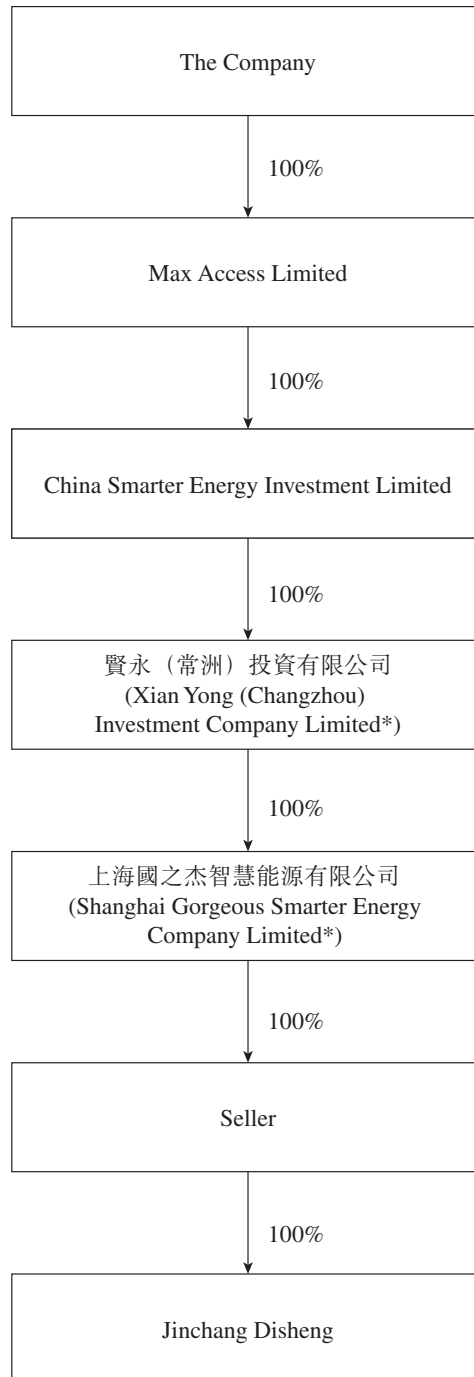
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## LETTER FROM THE BOARD

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### INFORMATION ON JINCHANG DISHENG AND THE BUYER

The following diagram illustrates the shareholding structure of Jinchang Disheng as at the date of this circular:





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## LETTER FROM THE BOARD

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### Jinchang Disheng

Jinchang Disheng is a company incorporated in the PRC, a wholly owned subsidiary of the Seller and an indirect wholly-owned subsidiary of the Company and it is principally engaged in the operation of solar power plant.

### Financial information of Jinchang Disheng

Set out below is the audited consolidated financial information of Jinchang Disheng for each of the two financial years ended 31 December 2019 and 2020 and the unaudited consolidated financial information for the financial year ended 31 December 2021:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021 (Unaudited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	107,201	98,181	78,083
Net profit (loss) before taxation	22,347	(145,376)	18,648
Net profit (loss) after taxation	22,238	(148,262)	17,983

As at 31 December 2020, the audited consolidated net asset value of Jinchang Disheng was approximately RMB380 million.

### Information of the Buyer

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer is a company established in the PRC and is principally engaged in hydropower, wind power and power plants operation management.

### POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

The Company is an investment holding company and the Group is principally engaged in clean energy business and investment business, including the investment, operation and management of solar power plants.

Upon Completion, the Company will cease to hold any interest in Jinchang Disheng and Jinchang Disheng will cease to be a subsidiary of the Company. The financial results of Jinchang Disheng will no longer be consolidated into the Group's financial statements.

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## LETTER FROM THE BOARD

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Given the Unauthorised Change of Registered Owner which resulted in the Group being unable to access the financial information of Jinchang Disheng, for accounting purpose the Company accounted for the Unauthorised Change of Registered Owner as a deemed disposal of Jinchang Disheng and waiver of the Sale Loan under the annual results for the year ended 31 December 2021 and recognized a loss of approximately HK\$205 million (or approximately RMB170 million), representing the difference between the net proceeds of the Disposal of approximately RMB349.89 million and the sum of the carrying value of the assets in the accounts of Jinchang Disheng and the Sale Loan; and a net loss (after tax and related costs and expenses of Disposal) of approximately HK\$205 million (or approximately RMB170 million), which is calculated based on the Consideration less (i) the carrying value of the assets of Jinchang Disheng as at 31 January 2021 (ii) the Sale Loan, and (iii) the estimated related costs and expenses (including any tax payable) in relation to the Disposal.

The Consideration of the Disposal is RMB 350 million and the aggregate of the estimated carrying value of the net asset of Jinchang Disheng as at 31 January 2021 is approximately RMB382 million. Following the accounting treatments under the annual results for the year ended 31 December 2021 referred above, the Company does not expect to have further financial impact on the gain or loss of the Company upon Completion.

Shareholders should note that the actual loss from the Disposal will depend on, among others, (i) the carrying value of the net assets of Jinchang Disheng as at the date of Completion; and (ii) the transaction cost including tax effect for the Disposal, and therefore may be different from the amount mentioned above.

### **FINANCIAL EFFECTS ON THE ASSETS AND LIABILITIES**

Following Completion, Jinchang Disheng will cease to be a subsidiary of the Company. Accordingly, the financial results, assets and liabilities of Jinchang Disheng will cease to be consolidated into those of the Group. Hence, apart from the increase in total assets by the amount of the Consideration in cash (net of related costs and expenses (including any tax payable)), the total assets and liabilities of the Group will be reduced by the assets and liabilities attributable to Jinchang Disheng. Shareholders should note that the financial impact set out above is for illustrative purpose only. The actual amount of the loss on the Disposal to be recognised by the Group will depend on the carrying value of the assets of Jinchang Disheng as at Completion and the actual amount of related costs and expenses (including any tax payable) in relation to the Disposal, and therefore may be different from the amount mentioned above.

### **REMAINING BUSINESS OF THE GROUP FOLLOWING COMPLETION**

The Group is principally engaged in the business in clean energy industry. The Company has a total of eight solar power plants including the one under Jinchang Disheng's operation.

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## LETTER FROM THE BOARD

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Total revenue by the clean energy segment arising from these solar power plants for the years ended 31 December 2020 and 2021 are HK\$309,980,000 (audited) and HK\$204,209,000 respectively.

The name and power generation capacity are as follows:

Name	Capacity (in megawatt)	Revenue for the year ended 31 December 2020 <i>(in HK\$'000)</i> Audited	Revenue for the year ended 31 December 2021 <i>(in HK\$'000)</i> Audited
Jintai	100.00	106,921	121,587
Guanyang	8.25	7,605	7,089
Hongxiang	8.00	4,527	6,196
Jinde	5.00	4,425	2,293
Jiayang	10.00	8,188	10,178
Hongyang	20.00	29,614	28,303
Jinjian	20.00	23,669	25,606
Disheng*	100.00	110,405	7,840
Other revenue/adjustments	<u>                    </u>	<u>14,626</u>	<u>(5,678)</u>
	<u>271.25</u>	<u>309,980</u>	<u>203,414</u>

\* owned by Jinchang Disheng, the target company under the Disposal, and the revenue for January 2021 was consolidated into 2021 financial figures

Upon completion of the Disposal of Jinchang Disheng, the Group will continue to carry on its principal business in clean energy industry by operating the remaining solar power plants. It is expected that the total capacity of power generation from the Group's solar power plants following the Disposal will maintain at 171.25 megawatt. According to the audited financial figures for the year ended 31 December 2021, having taken into account of the Disposal, the revenue and profit generated from clean energy segment would be maintained at HK\$196,369,000 and HK\$41,800,000 respectively.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL

Despite that (a) Jinchang Disheng is in net asset position, (b) Jinchang Disheng is a profit-making subsidiary of the Company, and (c) the Company would incur a disposal loss, upon careful consideration, the Company is of the view that the Disposal is appropriate and is in the best interests of the Company for the following reasons:

#### Settlement and withdrawal of the winding-up petitions

With reference to the announcements of the Company dated 15 May 2020, 20 May 2020 and 10 July 2020, the Company had received two winding-up petitions, being the Cheer Hope Petition and the AI Global Petition respectively. The Disposal would generate an immediate cash inflow of RMB300 million from the first payment of the Consideration and would allow the Company to repay its debts and would place the Company in a better position to negotiate with the Winding-up Petitioners for reaching settlement agreements and to withdraw the winding-up petitions against the Company.

As at the Latest Practicable Date and with reference to the announcement of the Company dated 1 February 2021, the Company has successfully entered into settlement agreements with, *inter alia*, the Winding-up Petitioners, details of the settlement agreements are set out in the announcement of the Company dated 1 February 2021.

Reference is made to the announcement of the Company dated 5 February 2021 in relation to the withdrawal of the AI Global Petition. After the receipt of the first payment of the Consideration, the Company had, via its subsidiary, effected payment of the settlement sum to AI Global. Pursuant to the AI Global Settlement Agreement, the Company and AI Global have executed and filed a consent summons to the High Court to withdraw the AI Global Petition and an order of the same has been granted.

Further reference is made to the announcement of the Company dated 30 April 2021 in relation to the dismissal of the Cheer Hope Petition. The Company had also, via its subsidiary, effected payment of the settlement sum to Cheer Hope. Pursuant to the Cheer Hope Settlement Agreement, the Company and Cheer Hope have executed and filed a consent summons to the High Court to dismiss the Cheer Hope Petition and the Company has received the sealed order from the High Court of Hong Kong that, *inter alia*, the Cheer Hope Petition was dismissed.

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## LETTER FROM THE BOARD

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### **Unfavorable market conditions of solar power plants operation**

In light of the toughening market conditions for solar power plants operation and the fall in performance, revenue and profitability of Jinchang Disheng and the deteriorating cash flow condition of the Group, the Company is of the view that the Disposal and the timing of the Disposal is in the best interest of the Company and can maximize the value of Jinchang Disheng with a substantial cash inflow of RMB350 million to meet the financing and working capital needs of the Group. In particular:

- (a) The revenue of Jinchang Disheng decreased from approximately RMB107 million for the year ended 31 December 2019 to approximately RMB98 million for the year ended 31 December 2020;
- (b) The profit (loss) after tax of Jinchang Disheng decreased from a profit of approximately RMB22 million for the year ended 31 December 2019 to a loss of approximately RMB148 million for the year ended 31 December 2020;
- (c) Due to the insufficient demand in the Gansu area and limitations in electricity transmission capability, Jinchang Disheng has been operating at the curtailment rate. As such, the actual production of electricity was discounted for approximately 10% to 20% to the production capacity;
- (d) As a measure to alleviate the curtailment situation in the Gansu area, the local government encouraged trading of electricity through the marketisation of electricity, as a result, the actual rate of transaction for Jinchang Disheng's electricity has been discounted by approximately 15%, with the market expecting a further decrease in the actual rate of transaction. Further, Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司, a 100% subsidiary of the Company, is also in the Gansu area. In view of the said policy of the local government and the discounted rate of transaction of electricity in the Gansu area, the Disposal may reduce the risk of over-centralization of the Group's solar plants operation in the same area.

### **Confirmation of the Board**

Taking into consideration the aforesaid, the Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Implications of approving the Disposal**

If the Shareholders approve the Disposal by majority of poll at the SGM, the Parties shall proceed to Completion and carry out their respective obligations under the Sale and Purchase Agreement.

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## LETTER FROM THE BOARD

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### **Implications of not approving the Disposal**

If the Shareholders do not approve the Disposal by majority of poll at the SGM, the Company will negotiate with the Buyer to transfer back the ownership, and if failing of which, in view of the Unauthorized Change of Registered Owner, the Company will proceed to commence legal proceeding against the Buyer to reclaim the ownership of Jinchang Disheng, and to claim for all losses and damages of the Group from the date of the occurrence of the Unauthorized Change of Registered Owner to the date when the Seller has regained the ownership of Jinchang Disheng. If the Company is successful in reclaiming the said ownership, the Seller will have to return the first payment of the Consideration to the Buyer upon the completion of the registration of the Seller's ownership of Jinchang Disheng subject to any directions or orders from the Court. In such circumstances, the Group's cashflow position may be adversely affected.

If the Company is not successful in relation to the same, to safeguard the interests of the Company and the Shareholders, the Company will seek further legal advice with regard to, among other things, whether the Seller is legally obliged to return the first payment of the Consideration to the Buyer and whether to commence legal actions against the Buyer to claim for the second payment of the Consideration and any loss and damages resulting from the Unauthorised Change of Registered Owner.

Having consulted the Company's auditors, if the Disposal is voted down by the Shareholders at the SGM and the Seller have successfully reclaimed the ownership of Jinchang Disheng, the accounting treatment of the deemed disposal of Jinchang Disheng as referred above will be reversed. Failing to reclaim the ownership of Jinchang Disheng, the accounting treatment of the deemed disposal would remain unchanged.

### **INTENDED USE OF PROCEEDS**

Upon Completion, the gross proceeds and net proceeds of the Disposal will be RMB350 million and approximately RMB349.89 million, respectively. The Board intends to apply the net proceeds for the repayment of debt and working capital of the Group. As at the date of this circular, approximately RMB163 million of the net proceeds has been used for payment of settlement sum to Cheer Hope pursuant to the Cheer Hope Settlement Agreement, and approximately RMB130 million of the net proceeds has been used for payment of settlement sum to AI Global pursuant to the AI Global Settlement Agreement. The Board intends to use the remaining proceeds, approximately RMB56.89 million, for the purposes including replenishment of working capital and repayment of debts due.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% and all the applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements.

### PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 115 of the Bye-laws, each of Ms. Yue Lu and Mr. Kwok Shun Sing will retire at the SGM and, being eligible, offer himself/herself for re-election at the SGM.

Biographical and other details of the Retiring Directors are set out in Appendix III to this circular.

Having considered the background of each of the Retiring Director, the Directors consider that the re-election of each of the respective Retiring Director is in the best interests of the Company and the Shareholders as a whole.

### GENERAL

#### SGM

A notice convening the SGM to be held at 10:00 a.m., on 11 November 2022 at Portion 2, 12/F The Center, 99 Queen's Road Central, Central, Hong Kong is set out on pages 43-46 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of Company ([www.cse1004.com](http://www.cse1004.com)). Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the proposed re-election of the Retiring Directors. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder or any of its close associates had any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

### VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution proposed at the SGM will be voted by poll.

### WARNING STATEMENTS

- (a) Trading in the Company's shares on the Stock Exchange has been suspended since 1 April 2021. Under Rule 6.01A of the Listing Rules, the Company must ensure trading in its shares to resume by the 18-month prescribed remedial period ending on 30 September 2022. Otherwise, the Stock Exchange will be entitled to delist the Company.
- (b) To resume trading, the Company must demonstrate to the Stock Exchange's satisfaction that it has met all the resumption guidance, addressed all the issues arising from time to time warranting a trading suspension and re-complied with the Listing Rules by the resumption deadline.
- (c) Publication of this circular does not indicate any decision or conclusion from the Stock Exchange not to delist the Company nor warrant any approval from the Stock Exchange on the resumption of trading in the existing shares on the Stock Exchange.
- (d) The Company will disclose updates on the satisfaction of resumption guidance by way of announcement, as and when appropriate.
- (e) Shareholders and potential investors of the Company should exercise caution when dealing in the Company's shares, and if they are in any doubt about their positions, they should consult their professional advisers.



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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors are of the opinion that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and the proposed re-election of the Retiring Directors are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. As such, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated therein and the proposed re-election of the Retiring Directors.

Your attention is drawn to the information set out in the appendices to this circular.

By order of the Board  
**China Smarter Energy Group Holdings Limited**  
**Chen Xiaxuan**  
*Chairman and Chief Executive Officer*

**1. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group of each of the three financial years ended 31 December 2018, 2019, 2020 and 2021 are disclosed in the annual reports of the Company for the years ended 31 December 2018 (pages 58-146), 31 December 2019 (pages 60-154) and 31 December 2020 (pages 65-154), and the announcement of the Company dated 11 October 2022 in relation to the annual results for the year ended 30 December 2021 (pages 1-35), respectively. The said annual reports and annual results announcement have been published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.cse1004.com](http://www.cse1004.com)), which can be accessed by the direct hyperlinks below:

2018 Annual Report

Link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904293038.pdf>

2019 Annual Report

Link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000217.pdf>

2020 Annual Report

Link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0709/2021070900001.pdf>

2021 Annual results

Link: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1011/2022101100007.pdf>

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness were as follows:

**(a) Borrowings**

As at 31 August 2022, the Group had outstanding secured borrowings of approximately RMB1,427,658,000 (HK\$1,625,246,000). The borrowings of approximately RMB714,658,000 (HK\$813,567,000) are guaranteed by a subsidiary of the Group, approximately RMB478,000,000 (HK\$544,155,000) are guaranteed by an independent company and substantial shareholder, and approximately RMB235,000,000 (HK\$267,524,000) are guaranteed by substantial shareholder and secured by a subsidiary's property, plant and equipment, and trade receivables.

**(b) Lease liabilities**

As at 31 August 2022, the Group recorded lease liabilities of approximately RMB13,738,000 (HK\$15,639,000) for leased properties pursuant to HKFRS which requires a right-of-use asset and a corresponding liability to be recognized for all leases by a lessee except for short-term leases and leases of low-value assets.

Save as aforesaid, and apart from intra-group liabilities, and normal accounts payables, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than trade bills) or acceptance credits, debentures, mortgages, charges or finance leases, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2022.

The Directors confirm that there is no material change in the indebtedness and contingent liability of the Group from the close of business on 31 August 2022 to the Latest Practicable Date.

**3. MATERIAL ADVERSE CHANGE**

Save for the matters disclosed below, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited accounts have been made up) up to the Latest Practicable Date.

- (a) According to the annual report of the Company for the year ended 31 December 2020, the loss for the period of the Group increased from approximately HK\$122 million for the year ended 31 December 2019 to approximately HK\$777 million for the year ended 31 December 2020.
- (b) As at the Latest Practicable Date, the Company had ten loans and other financial indebtedness which amounted to a total of approximately RMB1,428 million – one of them had expired in June 2020 (approximately RMB478 million), another five had expired in June 2021 (approximately RMB274 million) (the “**Expired Loan**”), and the other four had not expired but was in default of repayment (approximately RMB676 million) (the “**Expiring Loan**”). The Company has been seeking to resolve the Expired Loan and Expiring Loan with creditors to extend the loans and as at the Latest Practicable Date, no agreement has been reached.

**4. WORKING CAPITAL**

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances, the Group has sufficient working capital for its present requirements and that is for at least the next 12 months from the date of publication of this circular.

The Company has obtained the relevant confirmation from its auditors as required under Rule 14.66(12) of the Listing Rules with qualifications. The said qualified confirmation is given in view of the uncertainties relating to the assumptions made by the Group for the achievement of its financial plan, including (i) whether the Group is able to collect the remaining sale proceeds in respect of the disposals of Jinchang Disheng in previous years; (ii) whether the Group is able to seek extension of due dates of the relevant debts and/or alternative refinancing; (iii) whether the Group is able to further dispose the remaining solar power plants of the Group and (iv) whether the Group is able to obtain other possible financings, and the financial plan does not include any adjustment that would result from the failure to achieve the financial plan.

**5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

Response to global climate change has become a major topic around the world in recent years. Under such background, the global energy system accelerated the transition to low-carbon energy. Utilisation of renewable energy at large-scale as well as cleansing and low-carbonisation of traditional energy use will be the basic trend in energy development, and expediting the development of renewable energy has become a mainstream strategy in the global energy transition. The Paris Agreement came into effect in November 2016, which meant that the development of new energy will be further accelerated. In addition, the PRC government expressly stated in its basic national policy that the country shall persist in saving resources and protecting the environment, and set the fundamental target for energy development, that is, the carbon dioxide emission of the PRC will reach the peak by 2030, and the proportion of non-fossil energy in primary energy consumption will increase to 20%. With the new urbanisation development, the construction of a green, recycling and low-carbon energy system has become necessary for the social development, which provided a favourable social environment and a broad market for the development of renewable energy such as solar power. Solar power enjoys unique advantages in terms of accessibility and energy structure adjustment, and has been widely applied all over the world, and has entered into a new phase of large-scale development.

In future, the Remaining Group will speed up the development and investment progress of its principal businesses, adhere firmly to its corporate strategy, intensify its efforts in project mergers and acquisitions as well as cooperative development, improve project operation management standard so as to enhance its asset management capability.

As can be seen from the analysis shown in the section headed “Reasons for and benefits of the Disposal” in the letter from the Board, the financial position of the Remaining Group would be enhanced following completion of the Disposal, which is beneficial to the long-term development of the Remaining Group. The cash inflow generated from the Disposal will alleviate the short-term financial obligations of the Remaining Group.

In addition to the above, the Disposal is beneficial to the Remaining Group’s business development. As of today, a number of power plants of the Remaining Group are facing the issue of solar panels degradation and as a result causing a decrease in income generation. The cash inflow generated from the Disposal allows the Remaining Group to increase capital expenditure on existing businesses of the Group, including the renewal of solar panels of the power plants.

Furthermore, the completion of the Disposal would also facilitate the Remaining Group to look for new business opportunities, including the expansion of the Group’s present grid energy storage businesses etc.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this circular 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 circular misleading.

**2. DISCLOSURE OF INTERESTS****(a) Directors' and chief executives' interests and short position in the shares, underlying shares or debentures of the Company or its associated corporations**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

**(b) Substantial shareholders' and other person's interests and short positions in shares and underlying shares**

So far as is known to the Directors and chief executives of the Company, as at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Gorgeous Investment	Beneficial owner (Note 2)	4,092,084,312 (L)	43.65%
Shanghai Gorgeous	Interest of controlled corporation (Note 2 and 3)	4,092,084,312 (L)	43.65%
Shanghai Gu Yuan	Interest of controlled corporation (Note 2 and 4)	4,092,084,312 (L)	43.65%
Rich Crown	Interest of controlled corporation (Note 2 and 5)	4,092,084,312 (L)	43.65%
Creaton Holdings	Interest of controlled corporation (Note 2 and 5)	4,092,084,312 (L)	43.65%
Mr. Ko Tin Kwok (deceased)	Interest of controlled corporation (Note 2 and 6)	4,092,084,312 (L)	43.65%
Shandong Hi-Speed Investment Fund	Beneficial owner	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Fund	Interest of controlled corporation (Note 7)	831,000,000 (L)	8.86%
Shandong Hi-Speed Investment Holding	Interest of controlled corporation (Note 8)	831,000,000 (L)	8.86%

Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Shandong Hi-Speed Group	Interest of controlled corporation (Note 9)	1,497,372,364 (L)	15.97%
Dongying Yellow River	Interest of controlled corporation (Note 10)	831,000,000 (L)	8.86%
Mr. Qin Zhongyue	Interest of controlled corporation (Note 11)	831,000,000 (L)	8.86%
Safe Castle Limited	Beneficial owner (Note 12)	666,372,364 (L)	7.11%
China Shandong Hi-Speed Capital Limited	Interest of controlled corporation (Note 12)	666,372,364 (L)	7.11%
China Shandong Hi-Speed Financial Group Limited	Interest of controlled corporation (Note 12)	666,372,364 (L)	7.11%
DayShine Agricultural Supply Chain Investment Fund L.P.	Beneficial owner	650,000,000 (L)	6.93%
DayShine Fund Management	Interest of controlled corporation (Note 13)	650,000,000 (L)	6.93%
Shenzhen Dachang	Interest of controlled corporation (Note 14)	650,000,000 (L)	6.93%
Shenzhen Yukai	Interest of controlled corporation (Note 15)	650,000,000 (L)	6.93%
Li Qinggao	Interest of controlled corporation (Note 16)	650,000,000 (L)	6.93%



Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Wang Leilei	Interest of controlled corporation (Note 17)	650,000,000 (L)	6.93%
Rationale (Holdings) Investment	Interest of controlled corporation (Note 18)	650,000,000 (L)	6.93%
Rationale Investment (Shanghai)	Interest of controlled corporation (Note 19)	650,000,000 (L)	6.93%
China Minsheng New Energy	Interest of controlled corporation (Note 20)	650,000,000 (L)	6.93%
China Minsheng Investment	Interest of controlled corporation (Note 21)	650,000,000 (L)	6.93%
Cheer Hope Holdings Limited	Beneficiary of a trust	688,900,000 (L)	7.35%
CCBI Investments Limited	Interest of controlled corporation (Note 22)	688,900,000 (L)	7.35%
CCB International (Holdings) Limited	Interest of controlled corporation (Note 23)	688,900,000 (L)	7.35%
CCB Financial Holdings Limited	Interest of controlled corporation (Note 24)	688,900,000 (L)	7.35%
CCB International Group Holdings Limited	Interest of controlled corporation (Note 25)	688,900,000 (L)	7.35%
China Construction Bank Corporation	Interest of controlled corporation (Note 26)	688,900,000 (L)	7.35%
Central Huijin Investment Ltd.	Interest of controlled corporation (Note 27)	688,900,000 (L)	7.35%

Name of Shareholders	Capacity	Number of Shares interested (Note 1)	Approximate percentage of issued Shares
Ho Kwok Leung Glen	Receiver (Note 28)	4,363,014,000 (L)	46.54
Lai Kar Yan	Receiver (Note 28)	4,363,014,000 (L)	46.54
Industrial Bank Company Limited, Hong Kong Branch	Chargee (Note 29)	4,363,014,000 (L)	46.54

## Notes:

- The letter “L” denotes a long position in the Shares.
- As disclosed in the announcement of the Company dated 5 February 2021 and as at the Latest Practicable Date, Industrial Bank Co Ltd Hong Kong has purportedly appointed Mr. Ho Kwok Leung Glen and Mr. Lai Kar Yan as receivers over the Shares held by Gorgeous Investment Group Holdings Co., Limited (“**Gorgeous Investment**”) and the Shares held by another company, totalling 4,363,014,000 Shares (equivalent to 46.54% of the total issued share capital of the Company) and has caused their names to appear on the list of substantial shareholders of the Company via the Stock Exchange of Hong Kong Limited Disclosure of Interest Online System.
- As at the Latest Practicable Date, Gorgeous Investment was a wholly-owned subsidiary of Shanghai Gorgeous Investment Development Company Limited (“**Shanghai Gorgeous**”) and Shanghai Gorgeous was therefore deemed to have an interest in all the Shares beneficially owned by Gorgeous Investment under the SFO.
- As at the Latest Practicable Date, the equity interest of Shanghai Gorgeous was held by Shanghai Gu Yuan Property Development Company Limited (“**Shanghai Gu Yuan**”) as to 75.66% and Shanghai Gu Yuan was therefore deemed to have an interest in all the Shares in which Shanghai Gorgeous was interested under the SFO.
- As at the Latest Practicable Date, the equity interest of Shanghai Gu Yuan was held by Rich Crown International Industries Limited (“**Rich Crown**”) and Creaton Holdings Limited (“**Creaton Holdings**”) as to 59.79% and 40.21%, respectively. Rich Crown and Creaton Holdings were therefore deemed to have an interest in the Shares in which Shanghai Gu Yuan was interested under the SFO.
- As at the Latest Practicable Date, the equity interest of each of Rich Crown and Creaton Holdings was held by Mr. Ko Tin Kwok as to 100%. Mr. Ko Tin Kwok, a former director of the Company, was therefore deemed to be interested in the Shares in which Rich Crown and Creaton Holdings were interested under the SFO.

7. As at the Latest Practicable Date, Shandong Hi-Speed Investment Fund Management Ltd. (“**Shandong Hi-Speed Investment Fund**”) was a wholly-owned subsidiary of Shandong Hi-Speed Investment Fund Management and Shandong Hi-Speed Investment Fund Management was therefore deemed to have an interest in all the Shares beneficially owned by Shandong Hi-Speed Investment Fund under the SFO.
8. As at the Latest Practicable Date, the equity interest of Shandong Hi-Speed Investment Fund was held by Shandong Hi-Speed Investment Holding Company Limited (山東高速投資控股有限公司) (“**Shandong Hi-Speed Investment Holding**”) as to 49% and Shandong Hi-Speed Investment Holding was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund Management was interested under the SFO.
9. As at the Latest Practicable Date, Shandong Hi-Speed Investment Holding was a wholly-owned subsidiary of Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) (“**Shandong Hi-Speed Group**”) and Shandong Hi-Speed Group was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Holding was interested under the SFO.
10. As at the Latest Practicable Date, the equity interest of Shandong Hi-Speed Investment Fund was held by Dongying Yellow River Delta Investment Fund Management Ltd. (東營市黃河三角洲投資基金管理有限公司) (“**Dongying Yellow River**”) as to 41% and Dongying Yellow River was therefore deemed to have an interest in all the Shares in which Shandong Hi-Speed Investment Fund was interested under the SFO.
11. As at the Latest Practicable Date, the entire equity interest of Dongying Yellow River was owned by Mr. Qin Zhongyue and Mr. Qin Zhongyue was therefore deemed to have an interest in all the Shares in which Dongying Yellow River was interested under the SFO.
12. As at the Latest Practicable Date, 666,372,364 Shares were held by Safe Castle Limited, a wholly-owned subsidiary of China Shandong Hi-Speed Capital Limited, which in turn was a wholly-owned subsidiary of China Shandong Hi-Speed Financial Group Limited. China Shandong Hi-Speed Financial Group Limited (Stock Code: 412) is a listed company in the Stock Exchange. Accordingly, China Shandong Hi-Speed Capital Limited and China Shandong Hi-Speed Financial Group Limited were deemed to be interested in these Shares under the SFO.
13. As at the Latest Practicable Date, DayShine Fund Management (Cayman) Limited (“**DayShine Fund Management**”) was the general partner of DayShine Agricultural Supply Chain Investment Fund L.P. (“**DayShine Fund**”) and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Fund.
14. As at the Latest Practicable Date, Shenzhen Dachang Fund Management Co., Ltd.\* (深圳達昌基金管理有限公司) (“**Shenzhen Dacheng**”) was the sole shareholder of DayShine Fund Management and was therefore deemed to have an interest in all the Shares in which DayShine Fund Management was interested under the SFO.
15. As at the Latest Practicable Date, Shenzhen Yukai Industrial Co., Ltd.\* (深圳裕開實業有限公司) (“**Shenzhen Yukai**”) was the controlling shareholder of Shenzhen Dachang and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.

16. As at the Latest Practicable Date, Li Qinggao was the controlling shareholder of each of Shenzhen Dachang and Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Dachang was interested under the SFO.
17. As at the Latest Practicable Date, Wang Leilei was the controlling shareholder of Shenzhen Yukai and was therefore deemed to have an interest in all the Shares in which Shenzhen Yukai was interested under the SFO.
18. As at the Latest Practicable Date, Rationale (Holdings) Investment Limited (“**Rationale (Holdings) Investment**”) was the limited partner interested in 100% of DayShine Fund, and was therefore deemed to have an interest in all the Shares beneficially owned by DayShine Fund.
19. As at the Latest Practicable Date, Rationale (Holdings) Investment was a wholly-owned subsidiary of Rationale Investment (Shanghai) Company Limited\* (睿炬投資(上海)有限公司)(“**Rationale Investment (Shanghai)**”) and Rationale Investment (Shanghai) was therefore deemed to have an interest in all the Shares in which Rationale (Holdings) Investment was interested under the SFO.
20. As at the Latest Practicable Date, Rationale Investment (Shanghai) was a wholly-owned subsidiary of China Minsheng New Energy Investment Co., Ltd.\* (中民新能投資有限公司)(“**China Minsheng New Energy**”) and China Minsheng New Energy was therefore deemed to have an interest in all the Shares in which Rationale Investment (Shanghai) was interested under the SFO.
21. As at the Latest Practicable Date, the equity interest of China Minsheng New Energy was held by China Minsheng Investment Company Limited\* (中國民生投資股份有限公司)(“**China Minsheng Investment**”) as to 90% and China Minsheng Investment was therefore deemed to have an interest in all the Shares in which China Minsheng New Energy was interested under the SFO.
22. As at the Latest Practicable Date, Cheer Hope Holdings Limited was a wholly-owned subsidiary of CCBI Investments Limited and CCBI Investments Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by Cheer Hope Holdings Limited under the SFO.
23. As at the Latest Practicable Date, CCBI Investments Limited was a wholly-owned subsidiary of CCB International (Holdings) Limited and CCB International (Holdings) Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCBI Investments Limited under the SFO.
24. As at the Latest Practicable Date, CCB International (Holdings) Limited was a wholly-owned subsidiary of CCB Financial Holdings Limited and CCB Financial Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International (Holdings) Limited under the SFO.
25. As at the Latest Practicable Date, CCB Financial Holdings Limited was a wholly-owned subsidiary of CCB International Group Holdings Limited and CCB International Group Holdings Limited was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB Financial Holdings Limited under the SFO.

26. As at the Latest Practicable Date, CCB International Group Holdings was a wholly owned subsidiary of China Construction Bank Corporation and China Construction Bank Corporation was therefore deemed to have an interest in all the Shares beneficially owned by trust by CCB International Group Holdings Limited under the SFO.
27. As at the Latest Practicable Date, China Construction Bank Corporation was held by Central Huijin Investment Ltd. as to 57.11% and Central Huijin Investment Ltd. was therefore deemed to have an interest in all the Shares beneficially owned by trust by China Construction Bank Corporation under the SFO.
28. Messrs Ho Kwok Leung Glen and Lai Kar Yan (together, the “**Receivers**”) have been appointed as joint and several receivers and managers over 4,363,014,000 shares of China Smarter Energy Group Holdings Limited held by Gorgeous Investment Group Holding Co., Limited and Golden Value Worldwide Limited (the “**Charged Shares**”).
29. Industrial Bank Company Limited, Hong Kong Branch, enforces the Charged Shares as chargee by notifying the relevant broker through the Receivers.

\* *For identification purposes only*

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### 3. DIRECTORS' INTERESTS

#### (a) Interests in contract or arrangement

As at the Latest Practicable Date, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

#### (b) Interests in assets

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or proposed Directors had or had proposed to acquire or dispose or lease any interest, direct or indirect, in any assets to any member of the Group.

**(c) Interests in competing business**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had an interest in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**4. DIRECTOR'S SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

**5. MATERIAL CONTRACT**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) The Haitong Settlement Agreement and Haitong Supplemental Settlement Agreement
- (b) The MOU
- (c) The First Sale and Purchase Agreement
- (d) The Sale and Purchase Agreement
- (e) The AI Global Settlement Agreement
- (f) The Cheer Hope Settlement Agreement
- (g) The Nine United Settlement Agreement

Save as disclosed above, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years immediately preceding the issue of this circular and up to the Latest Practicable Date.

## 6. LITIGATION

With reference to the announcements of the Company dated 15 May 2020, 20 May 2020 and 10 July 2020, the Company has received two winding-up petitions, being the Cheer Hope Petition and the AI Global Petition respectively. With reference to the announcement of the Company dated 1 February 2021, the Company has successfully entered into settlement agreements with, *inter alia*, the Winding-up Petitioners, details of the settlement agreements are set out in the announcement of the Company dated 1 February 2021. Further reference is made to the announcements of the Company dated 5 February 2021 and 30 April 2021. After the receipt of the first payment of the Consideration, the Company had, via its subsidiary, effected payment of the AI Global settlement sum to AI Global. Pursuant to the AI Global Settlement Agreement, the Company and AI Global have executed and filed a consent summons to the High Court to withdraw the AI Global Petition and an order of the same has been granted. The Company had also, via its subsidiary, effected payment of the Cheer Hope settlement sum to Cheer Hope. Pursuant to the Cheer Hope Settlement Agreement, the Company and Cheer Hope have executed and filed a consent summons to the High Court to dismiss the Cheer Hope Petition, and the Company has received the sealed court order from the High Court that, *inter alia*, the Cheer hope Petition was dismissed.

With reference to the announcements of the Company dated 5 October 2021, 11 October 2021, 10 November 2021, 26 January 2022, 24 March 2022, 6 April 2022 and 5 May 2022, the Company has received a winding-up petition from Nine United. The Company has successfully entered into a settlement agreement with Nine United, details of which are set out in the announcement of the Company dated 10 June 2022. Pursuant to the Nine United Settlement Agreement, the Company and Nine United have executed and filed a consent summons to the High Court to withdraw the Nine United Petition and an order of the same was granted on 14 June 2022. Further reference is made to the announcement of the Company dated 15 June 2022.

With reference to the announcement of the Company dated 16 September 2021, the Company received a notice on 6 September 2021 that owing to Jinchang Jintai's failure in payment of the interest on time, the lender Jinchang Branch of Industrial and Commercial Bank of China Limited (“**Industrial and Commercial Bank**”) has initiated legal proceedings against Jinchang Jintai for immediate repayment of the total principal amount of RMB440,890,000 and the related interest and penalty interest by virtue of fixed assets loan contracts on 19 July 2013 and 27 September 2013 respectively. Jinchang Jintai and Industrial and Commercial Bank are negotiating for settlement regarding the aforesaid case. As at the Latest Practicable Date, no settlement regarding this case has been reached.

With reference to the announcement of the Company dated 31 March 2022 regarding the unaudited annual results for the year ended 31 December 2021 of the Company, during the year ended 31 December 2019, Gansu Jintai Electricity Company Limited (“**Gansu Jintai**”) and 林范有, who were the former shareholders of Jinchang Jintai, a subsidiary of the Group, initiated arbitrations against 上海典陽光伏電力有限公司 (“**上海典陽**”), an indirectly owned subsidiary of the Group, for outstanding receivables of RMB146,000,000 and RMB41,000,000, respectively, in respect of the acquisition of Jinchang Jintai in 2014. Pursuant to a settlement agreement entered into between, *inter alia*, 上海典陽, Gansu Jintai and 林范有 on 27 January 2021, the Group was required to make immediate repayment of RMB98,478,000 and corresponding late penalties of RMB9,227,000. The settlement had not yet been made up to the date of the Latest Practicable Date.

With reference to the announcement of the Company dated 31 March 2022 regarding the unaudited annual results for the year ended 31 December 2021 of the Company, during the year ended 31 December 2021, 中融國際信託有限公司 initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, a subsidiary of the Group, for a loan of RMB478,000,000 and corresponding interest of RMB35,000,000 in respect of the default of repayment by the Group. As at the Latest Practicable Date, no settlement regarding the aforesaid case has been reached.

With reference to the announcement of the Company dated 31 March 2022 regarding the unaudited annual results for the year ended 31 December 2021 of the Company, on 20 November 2019, the Group initiated a lawsuit against Hongxiang New Materials Company Limited (宏祥新材料及股份有限公司) (“**Hongxiang**”) for the recovery of, *inter alia*, electricity charges and late payment fee in the aggregate amount of RMB10,533,000 pursuant to a rooftop rental agreement dated 28 August 2015 and its supplemental agreement dated 6 June 2017 entered into between Hongxiang and Dezhou Miaoli, an indirect wholly-owned subsidiary of the Company. On 11 December 2020, Hongxiang initiated a lawsuit counterclaiming against Dezhou Miaoli for recovery of, *inter alia*, electricity and late payment fee in the aggregate amount of RMB6,080,000. With reference to advice of the Group’s legal advisor, the directors estimated the Group will likely be liable to pay a total of approximately RMB6,080,000. As at the Latest Practicable Date, no settlement regarding the aforesaid case has been made.

With reference to the announcement of the Company dated 31 March 2022 regarding the unaudited annual results for the year ended 31 December 2021 of the Company, during the year ended 31 December 2020, Jinchang Jintai and a third party have received an arbitration petition from Gansu Jintai due to an alleged late payment on the part of Jinchang Jintai and a third party in aggregate of RMB22,027,000 pursuant to various service agreements entered into between, *inter alia*, Jinchang Jintai and Gansu Jintai. During the year ended 31 December 2020, pursuant to a settlement agreement entered into between, *inter alia*, Jinchang Jintai and Gansu Jintai on 27 January 2021 and the judgement made by the court in the PRC in relation to this litigation, the Group was required to make payments of RMB21,210,000 and corresponding late penalties of



RMB1,701,000 to Gansu Jintai and RMB21,706,000 and corresponding late penalties of RMB3,575,000 to a third party. The settlement had not yet been made up to the Latest Practicable Date.

With reference to the announcement of the Company dated 31 March 2022 regarding the unaudited annual results for the year ended 31 December 2021 of the Company, during the year ended 31 December 2021, Gansu Jintai, initiated arbitrations petition against Jinchang Jintai, for outstanding receivables of RMB74,595,000 and corresponding late penalties of RMB9,225,000 in respect of the acquisition of Jinchang Jintai in 2014. The Group is concurrently in the process of negotiating with Gansu Jintai for a settlement and an amicable disposal of the matter. The settlement had not yet been made up to the Latest Practicable Date.

With reference to the announcement of the Company dated 31 March 2022 regarding the unaudited annual results for the year ended 31 December 2021 of the Company, during the year ended 31 December 2020, 中民新能投資集團有限公司 who was the former shareholder of Gaoan Jinjian, a subsidiary of the Group, initiated arbitrations against Shanghai Gorgeous Smarter Energy Company Limited, an indirectly owned subsidiary of the Group, and Gaoan Jinjian, for outstanding receivables due from Shanghai Gorgeous Smarter Energy Company Limited of RMB15,582,000 and corresponding late penalties of RMB3,286,000 and outstanding receivables due from Gaoan Jinjian of RMB6,435,000, in respect of the Group's acquisition of Gaoan Jinjian in 2017. As at the Latest Practicable Date, no settlement regarding the aforesaid case has been reached. With reference to advice of the Group's legal advisor, the directors estimated that the Group would likely be liable to pay a total of approximately RMB25,303,000 for this case.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was engaged in any litigation or claim of material importance, and no other litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## **7. MISCELLANEOUS**

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The Company's head office and principal place of business in Hong Kong is situated at Room 2609, 26th Floor, Great Eagle Centre, No. 23 Harbour Road, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Ms. Cheung Hoi Fun. Ms. Cheung is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (previously known as the Institute of Chartered Secretaries and Administrators).

- (d) The principal share registrar and transfer office of the Company is Codan Services Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

#### **8. DOCUMENTS ON DISPLAY**

The following documents will be available on (i) the website of the Company (<http://www.cse1004.com>) and (ii) the website of the Stock Exchange (<http://www.hkex.com.hk>) up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2019 and 2020, respectively;
- (c) copies of the material contracts referred to in the paragraph headed “5. MATERIAL CONTRACT” in this appendix;
- (d) this circular.

**Ms. Yue Lu (“Ms. Yue”)**

Ms. Yue, aged 38, graduated from Xi’an Jiaotong University in 2004 with the bachelor degree of accounting. She is a PRC certified public accountant, a PRC registered tax agent, a PRC asset valuer and a PRC senior accountant, with over 18 years experience in finance, taxation, auditing and investment. She served as a cashier supervisor, accounting supervisor and financial supervisor of Xi’an Traffic Levy Inspection Division Lintong Office\* (西安交通徵費稽查處臨潼所) from 2003 to 2010 successively. She served as a tax service office clerk and a tax assessment clerk of the State Taxation Administration of Lintong District, Xi’an City\* (西安市臨潼區國稅局) from 2010 to 2015 successively. She then joined Rui Hua Certified Public Accountants and served as an assistant manager from 2015 to 2016, participating in M&A projects and conducting financial due diligence. From 2016 onwards, she served as an investment review manager, an external financial controller and a deputy director of investment management department of Zhongmin New Energy Investment Group Company Limited\* (中民新能投資集團有限公司) successively, responsible for M&A projects, organizing asset evaluation, drafting transfer proposals and other matters.

The Company has entered into a letter of appointment with Ms. Yue with effect from 28 January 2022. Ms. Yue is entitled to a director’s fee of HK\$20,000 per month which was determined by the Board after considering a range of factors including her experience, duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Ms. Yue is appointed for an initial term of three years, which will be automatically renewed for three years upon expiry of her term of office. Either party to the letter of appointment may terminate the appointment by giving the other party one month’s prior written notice. Ms. Yue will hold office until the next general meeting of the Company after her appointment and is subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws.

\* *For identification purposes only*

**Mr. Kwok Shun Sing (“Mr. Kwok”)**

Mr. Kwok, aged 35, graduated from The Hong Kong Polytechnic University in 2008 with the bachelor of business administration accounting. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, with over 13 years’ experience serving in international accounting firms and multinational corporations, as well as years of experience working in major cities of the mainland China. He served as an auditor of Lau Leigh Choi Consultants Ltd. from 2008 to 2010 and served as a senior auditor of Baker Tilly Hong Kong Limited from 2010 to 2015. He then joined Deloitte Touche Tohmatsu from 2015 to 2016, and subsequently joined Deloitte Touche Tohmatsu Certified Public Accountants (Special General Partnership) Shenzhen Branch and held the position as a manager of the audit and assurance department from 2016 to 2020, participated in the IPO audit and was responsible for the audit of a number of listed companies in Hong Kong, and has audited for state-owned enterprises. From March 2020 onwards, he carried out independent practice, providing accounting and tax services.

The Company has entered into a letter of appointment with Mr. Kwok with effect from 21 January 2022. Mr. Kwok is entitled to a director’s fee of HK\$20,000 per month which was determined by the Board after considering a range of factors including his experience, duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Mr. Kwok is appointed for an initial term of three years, which will be automatically renewed for three years upon expiry of his term of office. Either party to the letter of appointment may terminate the appointment by giving the other party one month’s prior written notice. Mr. Kwok will hold office until the next general meeting of the Company after his appointment and is subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-laws.

Save as disclosed above, as at the Latest Practicable Date, each of the Retiring Director (i) has not held any positions with the Company and other members of the Group; (ii) has not held any other directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) does not have any other major appointments and professional qualifications; (iv) does not have any other relationship with any directors, senior management or substantial or controlling shareholders of the Company; and (v) does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

In addition, save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in connection with the appointment of each of the Retiring Director that need to be brought to the attention of the Shareholders.

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## NOTICE OF SGM

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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)**

## NOTICE OF SGM

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of China Smarter Energy Group Holdings Limited (the “**Company**”) will be held at Portion 2, 12/F The Center, 99 Queen’s Road Central, Central, Hong Kong at 10:00 a.m. on 11 November 2022, to consider and, if thought fit, approve, with or without amendments, the following resolution of the Company. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 26 October 2022.

### ORDINARY RESOLUTION

“**That**

1. (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”), dated 27 January 2021 entered into by and between 青島谷欣電力投資有限公司 (Qingdao Guxin Electricity Investment Company Limited\*), an indirect wholly-owned subsidiary of the Company (the “**Seller**”), and 甘肅錦泰電力有限責任公司 (Gansu Jintai Electricity Company Limited\*) (the “**Buyer**”), pursuant to which, among other things, the Buyer conditionally agreed to acquire, and the Seller conditionally agreed to sell, (i) the entire issued share capital of 金昌迪生太陽能發電有限公司 (Jinchang Disheng Solar Energy Company Limited\*), and (ii) the sale loan (being the shareholders’ loan of approximately RMB138.48 million) due from Jinchang Disheng to 上海國之杰智慧能源有限公司 (Shanghai Gorgeous Smarter Energy Company Limited\*), a company incorporated in the People’s Republic of China and the holding company of the Seller, at the aggregate consideration of RMB350 million in cash, subject to the terms and conditions contained therein, as set out in the circular of the Company dated 26 October 2022, the terms and conditions thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

\* For identification purposes only

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## NOTICE OF SGM

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- (b) any one director of the Company be and is hereby authorized to do all such acts and things, sign, executed and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and to do all such things as the director in his sole opinion and absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder.”
2. To re-elect the following retiring directors of the Company (the “**Director(s)**”):
- (a) Ms. Yue Lu as an executive Director; and
- (b) Mr. Kowk Shun Sing as an independent non-executive Director.

By order of the Board  
**China Smarter Energy Group Holdings Limited**  
**Chen Xiakuan**  
*Chairman and Chief Executive Officer*

Hong Kong, 26 October 2022

*Notes:*

1. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order 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 certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## NOTICE OF SGM

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3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
4. Where there are joint holders of any share, any one of such joint holders may vote at the SGM, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, then the one of such joint holders so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
5. The resolution at the SGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
6. If there is a black rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at or after 7:30 a.m. on 11 November 2022 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 11 November 2022 that either of the abovementioned warnings is to be issued within the next two hours, the SGM as convened by this notice shall be rescheduled. The Company will publish an announcement on its website at [https://www.cse1004.com/announcement\\_en.asp](https://www.cse1004.com/announcement_en.asp) and HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Shareholders of the date, time and venue of the rescheduled meeting.

*As at the date of this circular, Mr. Chen Xiakuan, Mr. Bo Dateng and Ms. Yue Lu are the executive directors of the Company and Mr. Pun Hau Man, Mr. Lo Ka Ki and Mr. Kwok Shun Sing are the independent non-executive directors of the Company.*

\* *For identification purposes only*

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## NOTICE OF SGM

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### PRECAUTIONARY MEASURES FOR SPECIAL GENERAL MEETING

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to be held at 10:00 a.m. on 11 November 2022 to protect the attending Shareholders of the Company, staff and other stakeholders from the risk of infection:

- (a) compulsory body temperature checks will be conducted on every Shareholder, proxy and attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue;
- (b) the Company requests attendees to wear surgical face masks inside the SGM venue at all times;
- (c) no refreshments or drinks will be served; and
- (d) designated seating arrangement will be made to ensure appropriate social distancing.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue to ensure the health and safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and be consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, Shareholders may appoint the Chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.