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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE DISPOSAL OF THE FINANCIAL ASSETS**

This announcement is made by China Smarter Energy Group Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”). References are made to the annual report of the Company for the year ended 31 December 2021, the announcement of the Company dated 24 February 2023 in relation to, among other things, resumption of trading, and the announcement of the Company dated 31 March 2023 in relation to annual results of the Company for the year ended 31 December 2022 (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Company would like to supplement the information contained in the Announcements relating to the disposal of the financial assets at FVTOCI, which represented three investments in unlisted equity securities (the “**Financial Assets**”) as follows:–

DETAILS OF THE FINANCIAL ASSETS AS AT 31 DECEMBER 2021

Investee Companies	No. of shares held by the Company as at 31 December 2021	Percentage of shares held by the Company as at 31 December 2021
Seekers Partners Limited	28,150,048	1.71%
Freewill Holdings Limited	25,000,000	5.07%
FreeOpt Holdings Limited	220,000	2.58%

DETAILS OF THE DISPOSALS OF THE FINANCIAL ASSETS

On or around August 2022, the Company engaged RSM Corporate Advisory (Hong Kong) Limited (“**RSM Corporate Advisory**”) to assist in the disposal of the Financial Assets through tendering. In the tendering process, RSM Corporate Advisory assisted the Company in inviting indicative interest from around 355 corporate financiers licensed with the Securities and Futures Commission. RSM Corporate Advisory initially invited potential bidders to submit tender in August 2022, which was further extended to accommodate the request of a handful of potential bidders. By the end of the bidding process, despite four (4) potential bidders entered into non-disclosure agreements with the Company, RSM Corporate Advisory only received one (1) formal bid from Mr. Au Yeung Kai Chor (the “**Purchaser**”) in the amount of HK\$1.2 million, an Independent Third Party. The said invitations by RSM Corporate Advisory have been rejected by a number of potential bidders, with the primary reason being that there are no latest audited financial statements, management accounts or independent valuation report of the Investee Companies available for their inspection or review.

Following several rounds of negotiations on the terms with the legal representative of the Purchaser, the Company entered into a formal agreement with the Purchaser, being the only formal bid received by RSM Corporate Advisory, for the disposal of the Financial Assets on 14 October 2022 for the consideration of HK\$1.2 million.

REASONS FOR THE DISPOSALS OF THE FINANCIAL ASSETS

In respect of the Company’s investment in the Financial Assets, the Company had used its best endeavours in communicating with, and seeking cooperation from, the Investee Companies to obtain the relevant documents and information required by the Company’s then auditors, RSM Hong Kong (the “**Former Auditors**”), and allow the auditor to conduct an onsite inspection of documents since early 2021. Despite repeated requests by the Company, the Investee Companies refused to cooperate with the Company.

Following the rejection from the Investee Companies of the Company’s requests, the Company had engaged legal advisers to assist them to exercise its shareholders’ right to obtain the relevant documents and information. The Company had through its legal advisers made a number of requests to the Investee Companies for, among other things, the provisions of the management account and audited financial statements of the Investee Companies for the year ended 31 December 2020 (“**FY2020**”) and for the year ended 31 December 2021 (“**FY2021**”). However, the said requests have been rejected by the Investee Companies or its legal advisers on their behalf due to the reason that the indirect and wholly owned subsidiaries of the Company, which are direct shareholders of the Investee Companies, only hold minority shareholdings in the Investee Companies, and the requests of the Company were not for a purpose reasonably related to their interests as a shareholder, that the Investee Companies were in a view that they do not have any obligation to meet the Company’s requests.

Having consulted with the legal advisors of the Company, the Company was given to understand that a formal demand made to the Investee Companies for onsite inspection of the relevant documents and provision of relevant audit reports are unlikely to be agreed by the Investee Companies nor helpful in resolving the auditing requirements from the Former Auditors because there is no guarantee that the Investee Companies would provide the items as required by the Former Auditors as the required items fall outside the shareholders' rights of inspection, which only allows a direct shareholder to inspect the constitutional documents and minutes book of the Investee Companies.

As advised by the legal advisers of the Company and further to the communications between the legal advisers of the Company and the Investee Companies, even if the requests were made directly by the indirectly and wholly owned subsidiaries of the Company, being the direct shareholders of the Investee Companies, to the Investee Companies requesting for the said documents, the likelihood of the Investee Companies agreeing to provide the same would be remote, since the Investee Companies would likely resist the said request by, among other reasons, the following reasons:—

1. The purpose for the provision of the requested documents was allegedly not reasonably related to the direct shareholders of the Investee Companies, but only in connection with the requirements of the Company.
2. The Investee Companies allegedly have no legal or contractual obligations to comply with the Company's requests under the laws of the relevant jurisdiction, whether or not the Company is a direct shareholder of the Investee Companies.
3. It was alleged that the Listing Rules do not contain any corresponding provision requiring the Company to perform its own audit of the Investee Companies as the investee entity.

After considering the limited possible legal avenue available to the Group as a minority shareholder of these Investee Companies under the relevant governing jurisdiction as advised by the Company's legal advisers and unlikelihood that the Investee Companies would cooperate with the Company to meet the Listing Rules requirements, provided that the Company and its legal advisers had attempted to obtain the relevant information from the Investee Companies and to conduct onsite inspection of the documents for over a year, the Group decided to dispose of the Financial Assets.

Having considered that it was not practicable to continue seeking the Investee Companies' cooperation with the Company to meet the Listing Rules requirements which constitute a factor delaying the publication of the annual reports of the Company for FY2020 and FY2021 and the limited right exercisable by the Company as a minority shareholder of the Investee Companies, and having engaged RSM Corporate Advisory to assist in soliciting buyers through tendering, the directors of the Company consider that the Disposals (including their terms) have been carried out in a fair and reasonable manner. Since the offer from the Purchaser was the only offer provided to RSM Corporate Advisory, the directors consider that the Disposals have been conducted at the best terms available to the Company and in the interests of the shareholders.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	China Smarter Energy Group Holdings Limited (中國智慧能源集團控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Disposals”	The completion of the disposal of the Financial Assets through tendering with the assistance of RSM Corporate Advisory as disclosed in the announcement of the Company dated 24 February 2023 in relation to resumption of trading
“Financial Assets”	the financial assets at FVTOCI which represented three investments in unlisted equity securities as disclosed in the Company’s annual report for the year ended 31 December 2021
“FreeOpt”	FreeOpt Holdings Limited, a company incorporated in the Marshall Islands
“Freewill”	Freewill Holdings Limited, a company incorporated in the Marshall Islands
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means any person(s) or company(ies) and their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Investee Companies”	means Seekers, Freewill and FreeOpt
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Seekers”	Seekers Partners Limited, a company incorporated in the British Virgin Islands

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 14 April 2023

As at the date of this announcement, Mr. Chen Xiaxuan, 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*