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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)

INSIDE INFORMATION

LETTER OF INTENT IN RELATION TO THE POTENTIAL ACQUISITION(S)

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company is pleased to announce that on 21 December 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the non-legally binding Letter of Intent in relation to the Potential Acquisition(s).

THE LETTER OF INTENT

The principal terms of the Letter of Intent are as follows.

Date

21 December 2017

Parties

- (1) the Purchaser, as prospective purchaser; and
- (2) the Vendor, as prospective vendor.

The Potential Acquisition(s)

Pursuant to the Letter of Intent, the Purchaser intends to acquire, and the Vendor intends to sell, the equity interest(s) in one or more Target Company(ies) which own(s) solar power plant project(s) in the PRC.

The Target Company(ies)

The Vendor has provided the information of certain potential Target Companies to the Purchaser with the total installed capacity of approximately 200 MW and, as at the date of this announcement, the Purchaser is conducting due diligence review of the potential Target Companies. The final Target Company(ies) will be determined subject to the negotiation between the Parties in accordance with the results of the due diligence review.

Consideration

The Parties acknowledged that the consideration for the Potential Acquisition(s) will be determined subject to the negotiation between the Parties, on the basis that the Purchaser has completed the due diligence review of the Target Companies and taking into account other factors for the determination of consideration.

Definitive Agreement(s)

Upon completion of the due diligence review by the Purchaser and the determination of the final Target Company(ies) by the Parties, the Parties will conduct negotiation on the Definitive Agreement(s) to agree on the terms of the Potential Acquisition(s).

Exclusivity Period

The Vendor agreed that, during the Exclusivity Period, the Vendor will not (i) negotiate or reach any consensus with any third party in respect of the Potential Acquisition(s); (ii) enter into any memorandum, contract or agreement with any third party to implement or otherwise in respect of the Potential Acquisition(s); and (iii) accept any request from any third party for the due diligence review of the Target Companies.

In the event that the Definitive Agreement(s) are not entered into between the Vendor and the Purchaser (or the designated entity of the Purchaser) within the Exclusivity Period and the Parties have not agreed on an extension of the Exclusivity Period, the Letter of Intent shall be automatically terminated.

No legal binding effect

The Letter of Intent does not have any legal binding effect, save for the provisions on confidentiality, the Exclusivity Period, termination, governing law and dispute resolutions, execution, non-legal binding effect and costs and expenses. The terms of the Potential Acquisition(s) are subject to the terms of the Definitive Agreement(s).

REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION(S)

The Group is principally engaged in clean energy business and investment business. As disclosed in the Interim Report, the Group will speed up the development and investment progress of its principal businesses and intensify its efforts in project mergers and acquisitions. The Directors consider that the Potential Acquisition(s) are in line with the strategy of the Company to grasp development opportunities in the new energy industry of the PRC and that the Potential Acquisition(s), if materialized, are expected to supplement the existing portfolio of solar power plants of the Group, and hence further expand its scale of business in the solar energy sector.

The Directors are of the view that the terms of the Letter of Intent, which were negotiated on an arm's length basis, are fair and reasonable, and the Potential Acquisition(s) are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Purchaser is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding.

The Vendor is a company established under the laws of the PRC with limited liability and is principally engaged in investment holding. The Vendor is also the vendor in the Previous Acquisition.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

GENERAL

The Potential Acquisition(s), if materialized, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and may be required to be aggregated with the Previous Acquisition pursuant to Rule 14.22 of the Listing Rules. Further announcement(s) in respect of the Potential Acquisition(s) will be made by the Company as and when appropriate.

As the Potential Acquisition(s) are subject to the Definitive Agreement(s) being entered into and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless otherwise defined, the following terms shall have the following meanings:

“Company”	China Smarter Energy Group Holdings Limited (中國智慧能源集團控股有限公司*), 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)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Definitive Agreement(s)”	the formal sale and purchase agreement(s) in relation to the Potential Acquisition(s) which may or may not be entered into between the Purchaser and the Vendor
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	six months from the date of the Letter of Intent
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Report”	the interim report of the Company for the six months ended 30 September 2017 dated 24 November 2017
“Letter of Intent”	the letter of intent entered into between the Purchaser and the Vendor on 21 December 2017
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	megawatt, which equals to 1,000,000 watts
“Parties”	collectively, the Purchaser and the Vendor
“Potential Acquisition(s)”	the potential acquisition(s) of one or more Target Company(ies) by the Purchaser from the Vendor

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Acquisition”	the acquisition of Qingdao Guxin Electricity Investment Company Limited (青島谷欣電力投資有限公司), a company which owned and operated a grid-connected photovoltaic solar power project with an installed capacity of 100MW located in Jinchuan District, Jinchang City, Gansu Province, the PRC, by the Group from the Vendor, further details of which are set out in the announcement of the Company dated 31 March 2017 and the circular of the Company dated 30 June 2017
“Purchaser”	Shanghai Gorgeous Smarter Energy Company Limited* (上海國之杰智慧能源有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company(ies)”	one or more company(ies) which own(s) solar power plant project(s) in the PRC
“Vendor”	Shanghai Guxin Asset Management Company Limited* (上海谷欣資產管理有限公司), a company established under the laws of the PRC with limited liability

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

Hong Kong, 21 December 2017

As at the date of this announcement, Mr. Sun Liang, Mr. Ko Tin Kwok, Ms. Zhao Li, Mr. Zeng Weibing and Mr. Hu Hanyang are the executive Directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Li Hui and Mr. Lam Cheung Mau are the independent non-executive Directors of the Company.

* For identification purposes only