



CSE

中國智慧能源集團控股有限公司
CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(Incorporated In Bermuda with Limited liability)

Board of Directors:

Executive Directors:

Mr. Wang Hao (*Chairman &
Chief Executive Officer*)

Mr. Lai Leong

Mr. Lam Kwan Sing

Mr. Wong Nga Leung

Mr. Hon Ming Sang

Mr. Zhou Chengrong

Independent Non-executive Directors:

Mr. Fok Ho Yin, Thomas

Mr. Tsui Ching Hung

Ms. Cheung Oi Man, Amelia

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:

Rooms 2004-2005
20/F, World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

9 September 2016

To the Qualifying Shareholders and Bondholders,

Dear Sir or Madam,

**(1) ACQUISITION OF CONTROLLING INTEREST IN
CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
BY GORGEOUS INVESTMENT GROUP HOLDING CO., LIMITED AND
(2) MANDATORY UNCONDITIONAL CASH OFFERS BY
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED FOR AND
ON BEHALF OF GORGEOUS INVESTMENT GROUP HOLDING CO., LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES AND
ALL OUTSTANDING CONVERTIBLE BONDS OF
CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY GORGEOUS INVESTMENT GROUP HOLDING CO., LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

The Board was notified by the Offeror after trading hours on 19 August 2016, that the Offeror and the Vendors entered into the Share Purchase Agreements, pursuant to which the Vendors agreed to sell and the Offeror agreed to acquire an aggregate of 4,041,446,400 Shares at total consideration of HK\$1,333,677,312, equivalent to HK\$0.33 per Share. Completion of the Share Purchase Agreements took place on 25 August 2016.

Immediately after completion of the Share Purchase Agreements, the Company was notified by the Offeror that the Offeror and parties acting in concert with it were interested in an aggregate of 4,041,446,400 Shares, representing approximately 51.72% of the entire issued share capital of the Company at the Latest Practicable Date. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds with an aggregate principal amount of US\$50,000,000 convertible into 357,175,650 new Shares. HIIF (an associated corporation of Haitong International Securities) holds the HIIF Convertible Bonds in the principal amount of US\$20,000,000. Upon completion of the Share Purchase Agreements, the Offeror is also required to make a mandatory unconditional cash offer for all the outstanding Convertible Bonds pursuant to Rule 13.1 of the Takeovers Code.

As set out in the “Letter from Haitong International Securities”, Haitong International Securities is making the Offers for and on behalf of the Offeror.

The Independent Board Committee comprising Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia (each of them has confirmed that he or she has no direct or indirect interest in the Offers) has been established pursuant to Rule 2.1 of the Takeovers Code to advise the Qualifying Shareholders and Bondholders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Lego has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers. The full text of the letter from Lego to the Independent Board Committee is set out in this Composite Document.

Further terms and the procedures for acceptance of the Offers are set out in the “Letter from Haitong International Securities” and Appendix I to this Composite Document. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offers as well as to set out (i) the “Letter from the Independent Board Committee” containing its recommendation to the Qualifying Shareholders and Bondholders, and (ii) the “Letter from Independent Financial Adviser” containing the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offers.

THE OFFERS

As set out in the “Letter from Haitong International Securities” contained in this Composite Document, Haitong International Securities is making the Offers for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.33 in cash

The Offer Price of HK\$0.33 for each Share under the Share Offer is equal to the price for each of the Sale Shares acquired by the Offeror pursuant to the Share Purchase Agreements. The Share Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The CB Offer

For every US\$1,000,000 face value of the Convertible BondsHK\$2,357,359.29 in cash

Based on the “Letter from Haitong International Securities”, the offer price for the Convertible Bonds is determined in accordance with Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Bonds, being the maximum number of Shares into which the Convertible Bonds is convertible (being 357,175,650 Shares) multiplied by the Offer Price (of HK\$0.33 per Offer Share). As at the Latest Practicable Date, HIIF (an associated corporation of Haitong International Securities) holds the HIIF Convertible Bonds in the principal amount of US\$20,000,000. The CB Offer is extended to all Bondholders, including HIIF.

The CB Offer will not apply to any Convertible Bonds which are or have been converted into Shares prior to the date on which the Offers close.

FURTHER INFORMATION ON THE OFFERS

Please also refer to the “Letter from Haitong International Securities” contained in this Composite Document and Appendix I to this Composite Document for further information in relation to the Offers, the making of the Offers to the Overseas Qualifying Shareholders and Overseas Bondholders, taxation and acceptance and settlement procedures of the Offers.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda as an exempted company with limited liability. The Group is principally engaged in clean energy business, investment business and fur business.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Haitong International Securities” contained in this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed “Intention of the Offeror regarding the Group” in the “Letter from Haitong International Securities” for detailed information on the Offeror’s intention on the business and management of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from Haitong International Securities”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange after the close of the Offers. In the event that, at the close of the Offers, the public float of the Company falls below 25%, each of the Offeror and Mr. Ko, being the new Director to be appointed to the Board, has jointly and severally undertaken to the Stock Exchange on terms required under the Listing Rules to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

RECOMMENDATION

Qualifying Shareholders and Bondholders are advised to read the recommendation of the Independent Board Committee set out on pages 25 to 26 of this Composite Document and the advice of the Independent Financial Adviser set out on pages 27 to 49 of this Composite Document before deciding on the actions to be taken on the Offers.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from Haitong International Securities” and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,
By order of the Board of
China Smarter Energy Group Holdings Limited



Mr. Wang Hao
Chairman