

Dated the 30<sup>th</sup> day of June 2016

- (1) **CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED**  
as the Purchaser
  
- (2) **CHEER HOPE HOLDINGS LIMITED**  
(**展望控股有限公司**)  
as the Vendor

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**SALE AND PURCHASE AGREEMENT**

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Hong Kong

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THIS AGREEMENT dated 30 June 2016 is made

BETWEEN:

- (1) CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED, a company incorporated in Bermuda, whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at Room 2004-5, 20th Floor World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong (the "Purchaser"); and
- (2) CHEER HOPE HOLDINGS LIMITED (展望控股有限公司), a company incorporated in British Virgin Islands and having its registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "Vendor")

WHEREAS:-

- (A) as at the date of this Agreement, the Purchaser has an authorised share capital of HK\$300,000,000 comprising 120,000,000,000 Shares of HK\$0.0025 each of which 7,814,351,360 Shares are in issue, and has in issue US\$80,000,000 6% guaranteed secured convertible bonds due 2018 (the "2018 CBs");
- (B) the Vendor is the legal and beneficial owner of the Sale Bonds (as defined below); and
- (C) the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Bonds upon the terms set out in this Agreement.

NOW IT IS AGREED:

1. INTERPRETATION

- (A) In this Agreement, including the Schedules, and in the recitals hereto, unless the context otherwise requires, the following terms shall have the following meanings:

"Business Day"	means a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong;
"Completion"	means the completion of the sale and purchase of the Sale Bonds in accordance with the provisions of Clause 4;
"Consideration"	means the consideration for the sale and purchase of the Sale Bonds in accordance with Clause 2(B);
"Group"	means the Company and the Subsidiary and "Group Company" means any one of them as the context may indicate;

“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Law”	all laws, regulations, codes, rules, guidelines, notices, circulars, orders, judgments, decrees or rulings of any court, government, governmental authorities or regulatory authorities;
“Sale Bonds”	means 2018 CBs in the principal amount of US\$30,000,000 registered in the name of the Vendor.

- (B) In this Agreement, unless the context otherwise requires, any reference to a “Clause” or a “Schedule” is a reference to a clause of or a schedule to this Agreement and, unless otherwise indicated, includes all the sub-clauses of that clause.
- (C) In this Agreement, words importing the singular include the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) The headings and the table of contents in this Agreement are for convenience only and shall not affect its interpretation.
- (E) References herein to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments (whether with or without modification) and any subordinate legislation made under provisions.

## 2. SALE AND PURCHASE

- (A) The Vendor shall, as legal and beneficial owner, sell the Sale Bonds and the Purchaser shall purchase the Sale Bonds, free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances or third-party rights of any nature and with all benefits and other rights becoming attached or accruing thereto after Completion.
- (B) The aggregate Consideration for the sale and purchase of the Sale Bonds is the principal amount of the Sale Bonds, which shall on completion in accordance with the provisions set out in Clause 4(B).

## 3. CONDITION PRECEDENT

- (A) The obligations of the parties hereto with respect to the sale and purchase of the Sale Bonds are conditional upon completion of the subscription by the Vendor of

US\$30,000,000 6% bonds due 2018, issued by the Purchaser, taking place at the same time as Completion.

- (B) If the Condition Precedent provided in Clause 3(A) is not fulfilled on or before 31 August 2016 (or such later date as may be agreed between the Subscriber and the Company in writing), this Agreement shall thereupon lapse and become null and void and the parties will be released from all obligations hereunder except for those under Clauses 7 to 11, save for any liability arising out of any antecedent breaches hereof.
- (C) Each party to this Agreement shall use its reasonable endeavours to procure the fulfilment of the condition precedent provided in Clause 3(A) as soon as possible and in any event on or before the date specified in Clause 3(B). In particular, the Subscriber shall provide as a holder of the 2018 CBs its consent for the purposes of Clause 3(A). As soon as practicable after it becomes aware of fulfilment of these Conditions Precedent, each of the Company and the Subscriber shall notify the other of the same and provide evidence of such fulfilment.

#### 4. COMPLETION

- (A) Subject to the fulfilment of the condition precedent in Clause 3(A), Completion shall take place on 26 July 2016 (or such other date and time as the parties hereto may agree in writing) at the principal office of the Purchaser in Hong Kong (or such other place as the Vendor and the Purchaser may agree in writing).
- (B) At Completion, all (but not part only) of the following business shall be transacted:
  - (i) the Vendor shall deliver or cause to be delivered to the Purchaser the following:-
    - (a) all certificates in respect of the Sale Bonds;
    - (b) instrument(s) of transfer in the form set out in Schedule 1 in respect of the Sale Bonds duly executed by the Vendor as transferor of the Sale Bonds in favour of the Purchaser and/or its nominee(s); and
  - (ii) the Purchaser shall:-
    - (a) produce to the Vendor instrument(s) of transfer in the form set out in Schedule 1 in respect of the Sale Bonds duly executed by the Purchaser and/or its nominee(s) as transferee of the Sale Bonds;
    - (b) arrange payment in the amount equal to (i) the aggregate principal amount for the Sale Bonds and (ii) interest accrued and unpaid thereon from up to (and excluding) the date of Completion, by delivery to the Vendor of a cashier's order issued by a licensed bank in Hong Kong made payable to the Purchaser or by telegraphic transfer/CHATS (i.e. the Clearing House Automated Transfer System) for value on the date of Completion to such bank account held with a bank in Hong Kong as may be notified by the

Purchaser to the Vendor at least two Business Days before the Completion, or as may otherwise be agreed in writing by the Vendor and the Purchaser.

- (C) Neither the Vendor or the Purchaser shall be obliged to complete the sale and purchase of the Sale Bonds or perform any obligations hereunder unless the other party complies fully with its obligations (if any) under Clause 3(A).
- (D) As soon as practicable upon Completion, the Purchaser shall record in the register of the 2018 CBs the transfer of the Sale Bonds and cancel the Sale Bonds and the certificates therefor. Thereafter, the Purchaser shall deliver to the security trustee of the 2018 CBs a New Bondholder Accession Deed executed by the Purchaser as required under clause 22.3 of the security trust deed relating to the 2018 CBs and notify the security trustee of the cancellation of the Sale Bonds.

## 5. WARRANTIES

- (A) The Vendor hereby represents and warrants to the Purchaser that as at the date hereof and as at Completion:-
  - (i) it is the legal and beneficial owner of the Sale Bonds free from all liens, claims, equities, charges, encumbrances or third party rights of whatsoever nature;
  - (ii) it is duly incorporated and validly existing under the Laws of the place of its incorporation, is not in liquidation or receivership and with power and authority to conduct its business in the manner presently conducted;
  - (iii) it has full power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and (where relevant) all corporate and other actions required to authorise its execution of this Agreement and its performance of its obligations hereunder have been duly taken and this Agreement is a legal, valid and binding agreement on it, enforceable in accordance with its terms; and
  - (iv) the execution, delivery and performance of this Agreement by it do not contravene and is not inconsistent or in conflict with, any provision of its constitutional documents or any applicable Law.
- (B) The Purchaser hereby represents and warrants to the Vendor that as at the date hereof and as at Completion:-
  - (i) it is duly incorporated and validly existing under the Laws of the place of its incorporation, is not in liquidation or receivership and with power and authority to conduct its business in the manner presently conducted;
  - (ii) it has full power to enter into this Agreement and to exercise its rights and perform its obligations hereunder and (where relevant) all corporate and other actions required to authorise its execution of this Agreement and its performance of its obligations hereunder have been duly taken and this

Agreement is a legal, valid and binding agreement on it, enforceable in accordance with its terms; and

(iii) the execution, delivery and (subject to the fulfilment of the condition precedent in Clause 3(A)) performance of this Agreement by it do not contravene and is not inconsistent or in conflict with, any provision of its constitutional documents or any applicable Law, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Code on Share Buy-backs.

(C) Each warranty given under Clause 5(A) or (as the case may be) Clause 5(B) shall be construed as a separate representation, warranty or undertaking and shall not be limited or restricted by reference to or inference from the terms of any other warranties given by that party or any other part of this Agreement.

## 6. TERMINATION

(A) If at or before Completion:-

(i) one or more liquidators (provisional or otherwise), administrator or any analogous officer for the winding up of either party to this Agreement is appointed in any jurisdiction whatsoever;

(ii) an order to wind up either party to this Agreement is made; or

(iii) there is any breach of any of the warranties made by either party in Clause 5 or any event which has occurred or any matter which has arisen on or after the date of this Agreement and prior to Completion which if it had occurred or arisen before the date hereof would have rendered any of such Warranties untrue, inaccurate or misleading;

then the other party or (as the case may be) the non-defaulting party to this Agreement (in respect of the event referred to in Clause 6(A)(iii)) may without any liability elect not to complete sale and purchase of the Sale Bonds hereunder by giving notice of the same in writing to the other party to this Agreement.

(B) If a party validly elects not to complete the sale and purchase of the Sale Bonds as a result of any of the circumstances mentioned in Clause 6(A), this Agreement shall be terminated (other than the provisions of Clauses 7 to 11 which shall survive); and subject thereto, none of the parties shall have any liability to the others save for any antecedent breach of the terms hereof.

## 7. CONFIDENTIALITY

No announcement and/or no public disclosures (other than any public disclosures required by Law, The Stock Exchange of Hong Kong Limited or the Securities and Futures Commission) on any matter concerning or connected with this Agreement or

the Purchaser or any matter ancillary thereto shall be made without the prior written approval of both parties. So far as reasonably practicable, each party shall in good faith consult as to the content, manner of making, and timing of any such announcement (whether one made with the approval or one required by Law) and each party shall comply with such requests in respect thereof as the other party shall reasonably make.

8. NOTICES

Any notice required or permitted to be given by or under this Agreement shall be in writing and shall be given by delivering it to the relevant party's address or facsimile number shown below:-

If to the Purchaser to:

Address : Room 2004-5, 20<sup>th</sup> Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong  
Facsimile : +852 2344 9392  
Attention : The Board of Directors

If to the Vendor to:

Address : 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong  
Facsimile : +852 2140 6088  
Attention : Rosche Yam / Carol Fan / Susan Zheng / Sunny Siu / Jason Xu

or to such other address or facsimile number as the party concerned may have been notified to the other party pursuant to this Clause and may be given by sending it by hand to such address or by facsimile transmission to such facsimile number, or to such other address or facsimile number as the party concerned may have notified to the other party in accordance with this Clause. Such notice shall be deemed to be served on the day of delivery or facsimile transmission (or, if the day of delivery or transmission is not a Business Day or if the delivery or transmission is made after 5:00 p.m. Hong Kong time, deemed to be served on the immediately following Business Day) or, if sooner, upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

9. COSTS AND EXPENSES

Each party shall bear its own costs and expenses incurred by it in connection with the preparation, negotiation and settlement of this Agreement.



10. GENERAL

- (A) Any time, date or period mentioned in this Agreement may be extended by agreement between the Vendor and the Purchaser but, as regards any time, date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.
- (B) No failure or delay by a party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a party of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.
- (C) Neither party hereto shall assign any of its rights under this Agreement (all of which shall be incapable of assignment without the prior written consent of the other) or purport to do so. This Agreement shall be binding on and enure for the benefit of each party's successors and permitted assigns.
- (D) This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which when executed shall constitute an original and all of which when taken together shall constitute one and the same document.
- (E) This Agreement constitutes the entire agreement between the parties with respect to its subject matter (neither party having relied on any representation or warranty made by the other party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the parties.
- (F) This Agreement supersedes all and any previous agreements, arrangements or understandings between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.
- (G) If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- (H) Except as provided herein, no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Ordinance (Cap. 623, Laws of Hong Kong) by anyone who is not a party to this Agreement.
- (I) Each party shall on demand of the other do or execute or procure to be done or executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

11. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties submit to the non-exclusive jurisdiction of the courts of

Hong Kong in connection herewith but this Agreement may be enforced in any court of competent jurisdiction.

**SCHEDULE 1**

**FORM OF TRANSFER**

**6% GUARANTEED SECURED BONDS DUE 2018**

(Being one of a series of guaranteed secured bonds constituted by an Instrument by way of deed poll dated 30 July 2015 (as amended, supplemental and/or varied from time to time the "Instrument") and executed by China Smarter Energy Group Holdings Limited (the "Issuer"))

Terms defined in the Instrument shall bear the same meanings in this Form of Transfer.

FOR VALUE RECEIVED the undersigned hereby transfers to the transferee (the "Transferee") whose particulars are set out below US\$30,000,000 principal amount of the Bonds comprised in the enclosed certificate, and all rights in respect thereof and irrevocably requests the Issuer to register and to issue new Bonds in accordance with the terms of the Instrument.

Particulars of the Transferee are as follows:-

(PLEASE PRINT OR TYPE IN THE RELEVANT INFORMATION)

Name of Transferee:	China Smarter Energy Group Holdings Limited
Registered Address:	Room 2004-5, 20 <sup>th</sup> Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong
Correspondence Address:	N/A
Facsimile No. :	+852 2344 9392
US dollar registered account for the purposes of payments under the Bonds:	N/A

The Transferee hereby irrevocably represents, warrants and undertakes to the Issuer that it is not a connected person of the Issuer.

Dated:

Transferor's Name:

Transferee's Name:

\_\_\_\_\_

\_\_\_\_\_

Transferor's authorised signature:

Transferee's authorised signature:

\_\_\_\_\_

\_\_\_\_\_

Witness to Transferor's signature:

Witness to Transferee's signature:

\_\_\_\_\_ name

\_\_\_\_\_ name

IN WITNESS whereof this Agreement has been duly executed on the date first above written.

SIGNED by Lam Kwan Sing )  
duly authorised for and on behalf of )  
CHINA SMARTER ENERGY GROUP )  
HOLDINGS LIMITED )  
in the presence of:- )

For and on behalf of  
CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED



.....  
*Authorized Signature(s)*



MOONEY ROSITA.

SIGNED by YAM WANG LAP )  
duly authorised for and on behalf of )  
**CHEER HOPE HOLDINGS LIMITED** )  
(展望控股有限公司) )  
in the presence of:- )



SIU PUI SUN