STATE ENERGY GROUP INTERNATIONAL ASSETS HOLDINGS LIMITED
國能集團國際資產控股有限公司

(formerly known as "Takson Holdings Limited 第一德勝控股有限公司")*

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board (the "**Board**") of directors (the "**Directors**") of State Energy Group International Assets Holdings Limited ("the **Company**") announces the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016 as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Turnover	4	**112,447**	158,354
Cost of sales		**(82,542)**	(118,680)
Gross profit		**29,905**	39,674
Other income	4	**911**	711
Selling, distribution and marketing expenses		**(10,036)**	(17,047)
Administrative expenses		**(28,185)**	(32,158)
Net loss on foreign currency forward contracts	4	**(1,071)**	(8,262)
Changes in fair value of investment properties		**951**	(3,536)
Operating loss		**(7,525)**	(20,618)
Finance costs	5	**(3,169)**	(2,711)
Loss before taxation	6	**(10,694)**	(23,329)
Income tax expense	7	**(2,055)**	(2,264)
Loss for the year		**(12,749)**	(25,593)
Other comprehensive income for the year (net of tax)			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of buildings held for own use		**392**	301
Total comprehensive loss for the year		**(12,357)**	(25,292)
Loss for the year attributable to:			
Equity holders of the Company		**(12,749)**	(25,593)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(12,357)**	(25,292)
Loss per share attributable to equity holders of the Company			
– basic (HK cents)	8	**(1.64)**	(3.30)
– diluted (HK cents)	8	**(1.64)**	(3.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**12,581**	11,452
Leasehold land		**14,975**	15,467
Investment properties		**79,741**	78,790
Deferred tax assets		**1,052**	3,107
		108,349	108,816
Current assets			
Inventories		**11**	1,260
Trade receivables	*9*	**887**	759
Deposits, prepayments and other receivables	*9*	**6,673**	25,101
Pledged bank deposit		**4,510**	4,509
Cash and cash equivalents		**8,328**	8,009
		20,409	39,638
Total assets		**128,758**	148,454
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**77,540**	77,540
Reserves		**(49,977)**	(37,620)
Total equity		**27,563**	39,920
LIABILITIES			
Non-current liabilities			
Bank borrowings and obligations under finance leases		**365**	614
Amounts due to a shareholder	*12*	**66,047**	—
Deferred tax liabilities		**4,858**	4,780
		71,270	5,394

	Notes	2017 HK$'000	2016 HK$'000
Current liabilities			
Trade payables	*10*	**200**	2,407
Other payables and accrued charges	*11*	**2,195**	5,070
Derivative financial liability		**—**	4,499
Bank borrowings and obligations under finance leases		**27,530**	91,164
		29,925	103,140
Total liabilities		**101,195**	108,534
Total equity and liabilities		**128,758**	148,454
Net current liabilities		**(9,516)**	(63,502)
Total assets less current liabilities		**98,833**	45,314

Notes:

1. General information

The Company is a limited liability company incorporated in Bermuda and its shares (the "**Share**") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its principal place of business is Unit 2307 - 10, 23/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong.

During the year ended 31 March 2017, the Group remains principally engaged in sourcing, subcontracting, marketing and selling of garments and sportswear products and property investment.

Pursuant to the special resolution passed at the special general meeting of the Company on 21 April 2017, the Certificate of Incorporation on Change of Name of the Company issued by the Registrar of Companies in Bermuda on 18 May 2017 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 8 June 2017, the English name of the Company has been changed from "Takson Holdings Limited" to "State Energy Group International Assets Holdings Limited" and the Chinese name "國能集團國際資產控股有限公司" has been adopted as the secondary name of the Company to replace its existing name in Chinese "第一德勝控股有限公司" which had been used for identification purpose only.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (which include Hong Kong Accounting Standards ("**HKASs**") and Interpretations), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings.

3. Application of new and revised HKFRSs

New and amended HKFRSs applied in the current year

In the current year, the Group has applied for the following new and amended HKFRSs issued by the HKICPA for the first time for the financial year beginning 1 April 2016:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012- 2014 cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exemption
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of the above new and amended HKFRSs did not have any material impact on the preparation and presentation of the Group's consolidated financial statements.

New and amended Standards issued but not yet effective

The Group and the Company have not early applied the following new and amended HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Statement of Cash Flows – Disclosure Initative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]

1 Effective for accounting periods beginning on or after 1 January 2017
2 Effective for accounting periods beginning on or after 1 January 2018
3 Effective for accounting periods beginning on or after 1 January 2019
4 Effective date to be determined

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. Turnover and segment information

The Group is principally engaged in sourcing, subcontracting, marketing and selling of garments and sportswear products and property investment. Revenue recognised during the year is as follows:

	Export business		Property investment		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales of goods/rental income	**109,018**	155,468	**3,429**	2,886	**112,447**	158,354
Other income						
Interest income	**16**	154	**—**	—	**16**	154
Income from sample sales	**36**	121	**—**	—	**36**	121
Sundry income	**859**	436	**—**	—	**859**	436
	911	711	**—**	—	**911**	711
Net loss on foreign currency forward contracts	**(1,071)**	(8,262)	**—**	—	**(1,071)**	(8,262)
Changes in fair value of investment properties	**—**	—	**951**	(3,536)	**951**	(3,536)

The Group operates mainly in Hong Kong and the People's Republic of China (the "**PRC**") and in the following business segments:

Export business — Sales of outerwear products and other garments to overseas customers.

Property investment — Investing and letting of properties.

Segment profit or loss represents the profit or loss from each segment without allocation of central administrative costs, finance cost and professional charges which are for corporate use purpose.

Segment assets consist primarily of property, plant and equipment, investment properties, inventories, trade receivables, deposits, prepayments and other receivables and mainly exclude deferred tax assets, pledged bank deposit and cash and cash equivalents. They excluded assets used for corporate functions.

Segment liabilities consist primarily of trade payables, other payables and accrued charges, bank borrowings and obligations under finance leases. They excluded liabilities which are used for corporate functions including shareholder's loan.

Primary reporting format — business segments

	2017		
	Export business *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Turnover	**109,018**	**3,429**	**112,447**
Segment operating profit	**8,336**	**2,834**	**11,170**
Unallocated corporate expenses			**(18,695)**
Operating loss			**(7,525)**
Finance costs			**(3,169)**
Loss before taxation			**(10,694)**
Income tax expense			**(2,055)**
Loss for the year			**(12,749)**
Segment assets	**6,750**	**80,107**	**86,857**
Unallocated assets			**41,901**
Total assets			**128,758**
Segment liabilities	**16,950**	**12,471**	**29,421**
Unallocated liabilities			**71,774**
Total liabilities			**101,195**

	Export business *HK$'000*	**Property investment** *HK$'000*	**Corporate** *HK$'000*	**Total** *HK$'000*
Capital expenditure	**8**	**141**	**1,546**	**1,695**
Depreciation of property, plant and equipment	**586**	**163**	**287**	**1,036**
Amortisation of leasehold land	**—**	**492**	**—**	**492**

	2016		
	Export business *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Turnover	155,468	2,886	158,354
Segment operating loss	(194)	(14,320)	(14,514)
Unallocated corporate expenses			(6,104)
Operating loss			(20,618)
Finance costs			(2,711)
Loss before taxation			(23,329)
Income tax expense			(2,264)
Loss for the year			(25,593)
Segment assets	45,561	102,293	147,854
Unallocated assets			600
Total assets			148,454
Segment liabilities	88,333	18,455	106,788
Unallocated liabilities			1,746
Total liabilities			108,534

	Export business *HK$'000*	Property investment *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Capital expenditure	927	436	—	1,363
Depreciation of property, plant and equipment	656	334	—	990
Amortisation of leasehold land	—	492	—	492

Secondary reporting format – geographical segments

	2017	
	Turnover ***HK$'000***	**Specified non-current assets** ***HK$'000***
Hong Kong	**1,188**	**61,937**
PRC	**2,241**	**45,360**
United States of America	**109,018**	**—**
	112,447	**107,297**

	2016	
	Turnover *HK$'000*	Specified non-current assets *HK$'000*
Hong Kong	812	59,061
PRC	2,075	46,648
United States of America	150,949	—
Canada	4,518	—
	158,354	105,709

Revenue is allocated based on the country in which the customers are located. Specified non-current assets and capital expenditure are allocated based on where the assets are located.

Information about major customer

Revenue from customer in the corresponding years contributing over 10% of the total sales of the Group from the export business is as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**91,617**	123,961

5. Finance costs

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**2,456**	2,667
Interest element of finance lease obligations	**29**	39
Interest on other loans	**684**	5
	3,169	2,711

6. Loss before taxation

Loss before taxation is stated after charging/(crediting) the following:

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold	**82,542**	118,680
Amortisation of leasehold land	**492**	492
Auditor's remuneration	**480**	550
Depreciation	**1,036**	990
Fair value change of investment properties	**(951)**	3,536
Net exchange loss	**196**	748
Loss on disposal of property, plant and equipment	**—**	53
Operating lease rentals in respect of land and buildings	**1,749**	1,733
Unrealised loss on foreign currency forward contract	**—**	4,499
Realised loss on foreign currency forward contract	**1,071**	3,763
Rental receivables from investment properties less direct outgoings	**(3,141)**	(2,046)
Staff costs, including directors' emoluments	**17,300**	24,798

7. Income tax

(a) The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax - Hong Kong	**—**	—
Current tax - overseas	**—**	15
Deferred tax		
Tax losses recognized	**1,961**	1,914
Origination and reversal of temporary differences	**94**	335
	2,055	2,264

No provision for Hong Kong profits tax has been made as the current year's taxable profits has been set-off by previous years' loss (2016: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rate of taxation prevailing in the countries in which the Group operates.

(b) At the end of the reporting period, the Group has unused tax losses of approximately HK$162,249,000 (2016: HK$153,872,000) available for offset against future profits that may be carried forward indefinitely.

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using Hong Kong profits tax rate as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before taxation	**(10,694)**	(23,329)
Tax at Hong Kong profits tax rate of 16.5% (2016: 16.5%)	**(1,765)**	(3,849)
Effect of different tax rate in other countries	**4**	3
Tax effect of non-taxable revenue	**(743)**	(360)
Tax effect of non-deductible expenses	**448**	481
Tax effect of unused tax losses not recognised	**4,145**	5,228
Tax effect of prior year's unrecognised tax losses utilised in this year	**(277)**	—
Tax effect of origination and reversal of temporary differences	**243**	761
Income tax	**2,055**	2,264

8. Loss per share

	2017	2016
Loss attributable to equity holders of the Company *(HK$'000)*	**(12,749)**	(25,593)
Weighted average number of ordinary shares in issue for the purpose of basic loss per share *(thousands)*	**775,406**	775,406
Basic loss per share *(HK cents)*	**(1.64)**	(3.30)
Diluted loss per share *(HK cents)*	**(1.64)**	(3.30)

There was no dilutive potential ordinary shares outstanding during the years.

9. Trade receivables and deposits, prepayments and other receivables

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**887**	759
Trade deposits and other receivables	**1,805**	18,571
Prepayments	**2,013**	4,297
Rental, utility and sundry deposits	**2,855**	2,233
	6,673	25,101
Total	**7,560**	25,860

(a) Ageing analysis

As at the end of reporting period, the ageing analysis of trade receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**273**	—
1 to 3 months	**614**	—
Over 3 months	**—**	759
	887	759

All trade receivables were denominated in the United States dollars ("**USD**").

Majority of the Group's export sales are generally on open account of 30 days and letter of credit at sight. The Group considers that the trade receivables as at 31 March 2017 are fully recoverable and believes that no impairment allowance is necessary.

(b) Trade receivables that are not impaired

As at the end of reporting period, trade receivables of HK$614,000 (2016: HK$759,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 1 month past due	**614**	—
1 to 2 months past due	**—**	759
	614	759

All of the trade receivables are not impaired and relate to two independent customers for whom there is no recent history of default.

10. Trade payables

As at the end of reporting period, the ageing analysis of trade payables is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**200**	2,289
Over 6 months	**—**	118
	200	2,407

Trade payables as at 31 March 2017 and 31 March 2016 were all denominated in USD.

Payment terms with suppliers are generally on letters of credit and open account. Certain suppliers grant credit terms between 30 to 60 days.

11. Other payables and accrued charges

	2017	2016
	HK$'000	*HK$'000*
Rental deposits received	**864**	978
Accrued expenses	**1,229**	3,125
Other payables	**102**	967
	2,195	5,070

12. Amounts due to a shareholder

	2017	2016
	HK$'000	*HK$'000*
Shareholder's loans	**65,363**	—
Accrued interests	**684**	—
	66,047	—

The shareholder's loans are unsecured with fixed annual interest rate at 4.25% and a term of 24 months.

13. Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

14. Event after the reporting period

(a) MOU1 in respect of the possible acquisition of entire issued share capital of the target company 1 which holds the legal and beneficial ownership of the hotel property

On 25 April 2017, the Company entered into a memorandum of understanding (the "**MOU1**") in relation to a possible acquisition. The MOU1 contemplates the prospective purchase of the entire issued share capital of a target company ("**Target Company 1**") which holds the legal and beneficial ownership of a hotel property by one of the wholly-owned subsidiaries of the Company to be determined by the Company.

The MOU1 further contemplates that the consideration for the possible acquisition and the manner of payment shall be further negotiated between the vendor and the Company and be determined upon the signing of the formal agreement by the vendor and the Company's wholly-owned subsidiary.

The reason for the acquisition is to provide an opportunity for the Company to invest in a hotel property which is well established with a potential for further development by strengthening its management and operation which is expected to benefit the Company and the shareholders as a whole.

Further details are set out in the Company's announcement dated 25 April 2017.

(b) MOU2 in respect of the proposed acquisition of 32% shares of the target company 2

On 22 May 2017, the Company entered into a memorandum of understanding (the "**MOU2**") in relation to a proposed acquisition. The MOU2 contemplates the prospective purchase of 32% shares of a target company ("**Target Company 2**") by the Company from potential vendors.

The MOU2 contemplates that the consideration for the proposed acquisition shall be further negotiated and determined by the parties to the MOU2 subject to the results of the legal and financial due diligence on the Target Company 2 and its subsidiaries and any profit guarantee that may be given under the formal agreement.

The acquisition provides a good investment opportunity for the Group to expand into the insurance and securities industry. Moreover, it also allows the Group to access fully to the investment opportunities brought along by the "One Belt, One Road" initiative, enhance the Group's growth potential and create new business growing points for the Group which is expected to benefit the Company and the shareholders as a whole.

Further details are set out in the Company's announcement dated 23 May 2017.

BUSINESS OVERVIEW

EXPORT BUSINESS

The Group carries on the business of sourcing and subcontracting of garments and sportswear products in the PRC which are then exported to the United States of America. The Group specialises in Original Design Manufacturer ("**ODM**") businesses.

The Group's export of garments and sportswear business (the "**Export Business**") faced several challenges in the past few years. The warm winter in the United States of America in the fall of 2015 resulting in the Group's customers in the United States of America carrying higher inventory severely dampened customers' spending in winter clothing, so the Group received less orders during the year ended 31 March 2017. These challenges all led to a steep decline of approximately 29.9% in the turnover of the Group's Export Business from approximately HK$155.5 million for the year ended 31 March 2016.

PROPERTY INVESTMENT

As at 31 March 2017, the Group held six investment properties located in the PRC and one investment property located in Hong Kong for generating rental income purposes (the "**Investment Properties**"). For the year ended 31 March 2017, all the investment properties were fully leased out. Based on the independent valuation of the investment properties of the Company, the Group reported fair value gain of approximately HK$0.9 million (31 March 2016: fair value loss of approximately HK$3.5 million).

FINANCIAL REVIEW

TURNOVER

The Group recorded a turnover of approximately HK$112.4 million for the year ended 31 March 2017, representing a decrease of approximately 29.0% as compared to that of approximately HK$158.4 million for the year ended 31 March 2016.

Turnover derived from the Export Business decreased by approximately 29.9% from approximately HK$155.5 million for the year ended 31 March 2016 to approximately HK$109.0 million for the year ended 31 March 2017 mainly due to a general decrease in customer orders.

Turnover derived from property investment increased by approximately 18.8% from approximately HK$2.9 million for the year ended 31 March 2016 to approximately HK$3.4 million for the year ended 31 March 2017. This was mainly due to the increase in monthly rental income of the Investment Properties during the year ended 31 March 2017.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK$26.5 million in respect of the Export Business for the year ended 31 March 2017, representing a decrease of approximately 28.0% as compared to approximately HK$36.8 million for the year ended 31 March 2016. The decrease was due to the drop in revenue.

The gross profit margin of the Export Business was approximately 24.3% for the year ended 31 March 2017 compared to approximately 23.7% for the year ended 31 March 2016. The increase was due to phasing out seasonal promotion programmes with lower margins so as to better utilise the production capacities of sub-contractors in the peak season and market consolidation.

The Group recorded a gross profit of approximately HK$3.4 million in respect of the property investment business for the year ended 31 March 2017, representing an increase of approximately 18.8% as compared to approximately HK$2.9 million for the year ended 31 March 2016. The increase was due to the increase in monthly rental income.

SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses decreased by approximately 41.1% from approximately HK$17.0 million for the year ended 31 March 2016 to approximately HK$10.0 million for the year ended 31 March 2017. The decrease was mainly due to the reduction in staff costs following the decrease in the number of selling, distribution and marketing employees for the Export Business.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately 12.4% from approximately HK$32.2 million for the year ended 31 March 2016 to approximately HK$28.2 million for the year ended 31 March 2017. The decrease was mainly due to the decrease in director's emoluments following the resignation of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita as executive Directors and the decrease in overseas travelling expenses for the administrative and managerial staff.

FINANCE COST

Finance cost increased by approximately 16.9% from approximately HK$2.7 million for the year ended 31 March 2016 to approximately HK$3.2 million for the year ended 31 March 2017. This was mainly due to the addition of shareholder's loans with interest rate at 4.25% per annum for general working capital.

* *For identification purposes only*

PROSPECTS

Since the Export Business is weak and securing sustainably profitable sales orders is becoming more difficult, the Board intends to allocate more resources in developing the property investment and financial services. The Group will focus on investing in high-end properties, specialized properties, new industry cities or park projects within, including but not limited to, the areas covered in the "One Belt, One Road". Since the Group will make use of the property fund model in order to expand the Group's property asset management arm that may help diversify the Group's property portfolio and hence improve the Group's profitability. Our financial services shall include but is not limited to the commencement of our asset management business based on the national "One Belt One Road" strategy, setup of our own or joint venture established investment funds, as well as the acquisition of or establishment of licensed financial corporations.

In January 2017, the Group entered into a joint venture agreement with Xuzhou Coal Mining Group Limited*(徐州礦務集團有限公司), a company established in the PRC with limited liability. The joint venture company is principally engaged in the construction of integrated new logistics towns.

In April 2017, the Company entered into a memorandum of understanding with an independent third party in relation to a possible acquisition of a hotel property in Prague, the Czech Republic.

In May 2017, the Company entered into a memorandum of understanding with an independent third party in relation to acquisition of 32% of the equity shares of a company (the "**Target Company**"). The Target Company and its subsidiaries (the "**Target Group**") are primarily engaged in the insurance brokerage services, the provision of other investment products in Hong Kong and licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance of Hong Kong. The Target Group collaborates with leading financial institutions to provide its customers with a wide range of investment products, which include investment-linked assurance schemes, premium financing plans, life and health insurance and real estate investment plans. The Target Group also offers asset management services to its high net worth customers and those who have purchased investment-linked assurance schemes to manage their investment.

Details of the Group's development aforementioned are set out in the announcements of the Company dated 23 January 2017, 25 April 2017 and 23 May 2017 respectively.

The Group will continue to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 14 to this announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2017 and up to the date of this announcement.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

During the year ended 31 March 2017, the Group financed its operations and investments mainly by internally generated funds and debt financing.

CASH POSITION

The Group had total cash and bank balances (excluding pledged bank deposits) of approximately HK$8.3 million as of 31 March 2017 (31 March 2016: approximately HK$8.0 million).

BANK AND OTHER BORROWINGS

As at 31 March 2017, bank and other borrowings of the Group amounted to approximately HK$93.3 million, including bank loans of approximately HK$27.3 million, obligations under finance leases of approximately HK$0.6 million and shareholder's loan of approximately HK$65.4 million. Among total bank and other borrowings, approximately HK$27.6 million are repayable within one year or on demand, approximately HK$65.5 million are repayable over one year but not exceeding two years, approximately HK$0.2 million are repayable over two years but not exceeding five years.

As at 31 March 2016, bank and other borrowings of the Group amounted to approximately HK$91.8 million, including bank borrowings of approximately HK$90.6 million and obligations under finance leases of approximately HK$1.2 million. Among total bank and other borrowings, approximately HK$79.7 million are repayable within one year, approximately HK$2.4 million are repayable over one year but not exceeding two years, approximately HK$9.7 million are repayable over two years but not exceeding five years.

LEVERAGE

The ratio of current assets to current liabilities of the Group was approximately 0.68 as at 31 March 2017 compared to approximately 0.38 as at 31 March 2016. The improvement in current ratio was due to the significant decrease in bank borrowings. The Group's gearing ratio as at 31 March 2017 was approximately 338.3% (31 March 2016: approximately 229.9%), which is calculated based on the Group's bank and other borrowings of approximately HK$93.3 million (31 March 2016: approximately HK$91.8 million) and the Group's total equity approximately HK$27.6 million (31 March 2016: approximately HK$39.9 million). The increase in gearing ratio was due to the increase in total borrowings including shareholder's loans and the decrease in equity.

The cash and bank balances together with shareholder's loans and the available banking facilities can provide adequate liquidity and capital resources for the ongoing operation needs of the Group.

RISK MANAGEMENT

Our principal financial instruments include trade receivables, deposits, prepayments and other receivables, pledged deposit, bank borrowings and obligations under finance leases and cash and cash equivalents. We also have various financial assets and financial liabilities arising from our business operations. Our financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. We aim to minimise these risks and hence maximise investment returns.

Foreign currency risk

The monetary assets and liabilities are mainly denominated in and business transactions of the Group are mainly conducted in Hong Kong dollars, Renminbi and USD. Maintaining a product strategy, the Group minimises the foreign exchange risks through balancing the monetary assets against monetary liabilities, and foreign currency revenue versus foreign currency expenditure. For example, the Group entered into a RMB/USD net-settled structured foreign currency forward contract of USD1.2 million notional amount with 14 equal monthly settlements to manage its foreign currency risk in the year ended 31 March 2016. However, the market value of the contract as at 31 March 2016 was a loss of approximately HK$4.5 million. The contract was therefore unwound during the year ended 31 March 2017 and the resultant loss of approximately HK$1.1 million was reflected in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017.

Credit risk

The Group's credit exposure generally arises from counterparty risk in the course of engaging in the Export Business and the property investment business. As at 31 March 2017, trade receivables and trade payables of the Group were approximately HK$0.9 million and approximately HK$0.2 million (31 March 2016: approximately HK$0.8 million and approximately HK$2.4 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

Liquidity risk

Liquidity risk is the risk that funds will not meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The objectives of the Group's liquidity risk management are: (1) maintaining the stability of the Group's principal business, timely monitoring cash and bank position; (2) projecting cash flows; and (3) evaluating the level of current assets to maintain sufficient liquidity of the Group.

TREASURY POLICIES

As at 31 March 2017, bank and other borrowings of approximately HK$81.8 million (31 March 2016: approximately HK$37.2 million) and approximately HK$11.5 million (31 March 2016: approximately HK$54.6 million) were denominated in Hong Kong dollars and USD, respectively. The Group's bank loans are subject to floating interest rates while obligations under finance leases and shareholder's loans are subject to fixed interest rates.

Cash and cash equivalents held by the Group were mainly denominated in USD, Renminbi and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

CHARGE OF ASSETS

As at 31 March 2017, the Investment Properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK$102.2 million (31 March 2016: approximately HK$101.5 million) and a fixed deposit of approximately HK$4.5 million (31 March 2016: approximately HK$4.5 million) were pledged as first legal charges for the Group's banking facilities.

SIGNIFICANT INVESTMENT

The Group had no significant investment during the year ended 31 March 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition and disposal of subsidiaries or associated companies during the year ended 31 March 2017.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the year ended 31 March 2017 are set out in note 4 to this announcement.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 31 March 2017, the utilised facilities amounted to approximately HK$28.1 million (31 March 2016: approximately HK$91.8 million).

Except for the foregoing, as at 31 March 2017, the Group had no other significant contingent liabilities or pending litigation.

STAFF AND REMUNERATION POLICIES

As at 31 March 2017, the Group had a total of 16 employees (31 March 2016: 45 employees). Total staff costs (including directors' emoluments) for the year ended 31 March 2017 amounted to approximately HK$17.3 million (2016: approximately HK$24.8 million). Primary means of remuneration include contributory provident funds, insurance and standard medical benefits. The emoluments of the Directors are determined by the remuneration committee of the Company based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As at 31 March 2017, the Group has no outstanding share options issued to its Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "**Audit Committee**") include reviewing and supervising of the Group's financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2017 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards. The Audit Committee currently comprises of three independent non-executive Directors (the "**INEDs**") of the Company, namely Ms. Meng Rongfang, Ms. Ni Lijun and Mr. Shen Guoquan.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year ended 31 March 2017. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year ended 31 March 2017.

REVIEW OF FINAL RESULTS

The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2017.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the Corporate Governance Code ("**CG Code**") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 March 2017 except for the following deviations:

1. Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separated. The positions of chairman and chief executive officer of the Company have been held by Mr. Wong Tek Sun, Takson ("**Mr. Wong**") during the period from 1 April 2016 to 22 November 2016. Mr. Wong resigned as chairman, chief executive officer and executive Director of the Company on 22 November 2016. After his resignation, the roles of chairman and chief executive officer of the Company are separated. The chairman and chief executive officer of the Company are taken up by Mr. Ren Qingxin and Mr. Zhou Xinyu respectively.

2. Under the Code Provisions A.4.1 and A.4.2, non-executive director, including independent non-executive directors, should be appointed for a specific term and each director should be subject to retirement by rotation at least once every three years. The previous INEDs and non-executive Directors ("**NEDs**") of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws at least once every three years. All the existing INEDs have

entered into a letter of appointment with the Company on 22 November 2016, pursuant to which each of the INEDs has been appointed for a term of two years as an INED with effect from 22 November 2016, and renewable automatically for successive term of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-laws.

3. Under the Code Provision A.6.7, non-executive directors, including independent non-executive directors, should attend general meetings and meetings of the board and board committees. Two of the previous NEDs, Mr. Wong Tak Tuen and Ms. Pang She Kwok, Szwina, and two previous INEDs, Mr. Cunningham, James Patrick and Dr. Motwani, Manoj Kumar, were unable to attend the general meeting held on 28 September 2016 as they had other business engagements. However, they subsequently requested the company secretary of the Company to report to them on the views of the shareholders of the Company in the aforementioned general meeting. As such, the Board considers that a mutual understanding on the views of the Company's shareholders has been reached among the NEDs and INEDs.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2017, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2017.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKEx website (http://www.hkex.com.hk) and the Company's website (http://www.seiah.com). The annual report for the year ended 31 March 2017 containing all the information required by the Listing Rules will be published on the HKEx website and the Company's website in due course.

By Order of the Board
State Energy Group International Assets Holdings Limited
Zhou Xinyu
Chief Executive Office & Executive Director

Hong Kong, 28 June 2017

As at the date of this announcement, the executive Directors are Mr. Ren Qingxin, Mr. Zhou Xinyu and Ms. Niu Fang; the independent non-executive Directors are Ms. Ni Lijun, Mr. Shen Guoquan and Ms. Meng Rongfang.