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SOUTHERN ENERGY HOLDINGS GROUP LIMITED

南方能源控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1573)

CLARIFICATION ANNOUNCEMENT IN RESPECT OF THE DISCLOSURE OF DEALINGS UNDER RULE 22 OF THE TAKEOVERS CODE

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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).

Reference is made to the disclosure of dealings in the shares of Southern Energy Holdings Group Limited (the “**Company**”) under Rule 22 of the Code on Takeovers and Mergers submitted by CMB International Finance Limited (“**CMBI Finance**” or the “**1st Defendant**”) dated 11 July 2019 (the “**Rule 22 Disclosure**”). The Rule 22 Disclosure stated that Lavender Row Limited (the “**Relevant Shareholder**”) has failed to repay its loan and as a result CMBI Finance has forced liquidated certain shares of the Company (the “**Shares**”).

The Company wishes to inform shareholders and public investors that, on 26 July 2019, the Relevant Shareholder as plaintiff had served a writ of summons with an indorsement of claim (the “**Indorsement of Claim**”) on CMBI Finance, as the first defendant and CMB International Securities Limited, as the second defendant (the “**2nd Defendant**”) alleging that they had breached certain agreements entered into with the Relevant Shareholder and have wrongfully sold 160,000 Shares pledged to the 1st Defendant as collateral. The matter is filed under action number HCA 1358/2019.

The Company understands that the Relevant Shareholder had entered into (i) a Loan Agreement (the “**Loan Agreement**”) dated 27 February 2017 with the 1st Defendant as lender for a loan (the “**Loan**”), (ii) an escrow agreement dated 27 February 2017 with the 1st Defendant as lender and the 2nd Defendant as trustee, under which the Relevant Shareholder placed certain shares of the Company owned by the Relevant

Shareholder (236,294,000 shares as at 26 July 2019) in escrow with the 2nd Defendant, and (iii) a share charge agreement dated 13 April 2017 with the 1st Defendant to create a first fixed charge over 143,600,000 shares of the Company as security for the Loan.

According to the Indorsement of Claim, the 1st Defendant had issued a payment notice on 10 May 2018 (the “**First Notice**”) which purported to vary the Loan Agreement by requiring the Relevant Shareholder to pay the second instalment of US\$3,084,295.00 and the interest prepayment of the third instalment of US\$1,776,062.58 (together, the “**Payable Sums**”) by 1 March 2019 before the due date, without providing any consideration. Pursuant to the Loan Agreement, the second instalment and the interest prepayment of the third instalment would have become payable on 8 April 2019 and 3 March 2019 respectively had the First Notice not been issued.

Although the Relevant Shareholder did not pay the Payable Sums by 1 March 2019, it had duly made payments to the 1st Defendant to settle the relevant instalment and interest prepayment under the Loan Agreement by 19 March 2019 in accordance with the terms and conditions set out in a second notice of payment dated 4 March 2019 issued to the Relevant Shareholder by the 1st Defendant which requested the Relevant Shareholder to pay the Payable Sums by 22 March 2019 (the “**Second Notice**”). The Relevant Shareholder provided additional security of RMB10,000,000.00 in accordance with the Second Notice which constituted a collateral agreement and a variation of the Loan Agreement. Accordingly, the Relevant Shareholder strongly asserts that there was no event of default under the Loan Agreement and there was no basis for the 1st Defendant’s forced liquidation of the Shares.

The Company also understands that on 1 August 2019, the Relevant Shareholder, the 1st Defendant and the 2nd Defendant entered into a consent summons in respect of the Relevant Shareholder’s application (the “**Application**”) for continuing an *ex parte* interim injunction order dated 26 July 2019 obtained in a civil action (HCA 1358/2019) commenced by a writ of summons and an order in terms (the “**Order**”) has been made by the High Court of the Hong Kong Special Administrative Region. A summary of the key terms of the Order is set out as follow:

- (1) Until after trial or further order of the court, the 1st Defendant and the 2nd Defendant undertake that:
 - (a) they must not, whether by itself, its servants, agents, officers or otherwise howsoever deal with, or enter, or procure to enter into any transaction for the sale, disposal or transfer of any or part of the shares beneficially owned

by the Relevant Shareholder and held by the 2nd Defendant (236,294,000 shares of the Company, the “**Relevant Shares**”) in escrow, and of which 143,440,000 shares have been charged to the 1st Defendant by way of first fixed charge, as at 26 July 2019, in the Company; and

- (b) the 1st Defendant must forthwith withdraw all standing instructions (if any) to any person including but not limited to the 2nd Defendant to deal with or dispose of the Relevant Shares.

(2) The Application be adjourned *sine die* with liberty to restore.

The undertakings above shall not apply if (a) the Relevant Shareholder, through its solicitors on record, consents in writing; and/or (b) there is an event of default under the Loan Agreement after 26 July 2019.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the shares of the Company has been suspended since 29 July 2019 and will continue to be suspended until further notice.

In view of the above, the Company urges its shareholders and potential investors to exercise caution when dealing in the securities of the Company and take note that the disclosure in the Rule 22 Disclosure may be incomplete and inaccurate.

By Order of the Board
Southern Energy Holdings Group Limited
Xu Bo
Chairman

Guiyang, People’s Republic of China, 1 August 2019

As at the date of this announcement, the Board comprises Mr. Xu Bo, Mr. Xiao Zhijun and Mr. Huang Youjun as executive Directors and Mr. Jiang Chenglin, Mr. Choy Wing Hang William, Mr. Lee Cheuk Yin Dannis and Mr. Fu Lui as independent non-executive Directors.

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.