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**STATE ENERGY GROUP INTERNATIONAL ASSETS HOLDINGS LIMITED**

**國能集團國際資產控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 918)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
TAKSON SPORTSWEAR LIMITED**

**THE DISPOSAL**

The Board wishes to announce that on 5 August 2020, Takson (BVI), a wholly-owned subsidiary of the Company as vendor, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Share, representing the entire issued share capital of the Target Company, an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$38,960,000. The Disposal is expected to be completed on the Completion Date. Upon Completion, the Group will not hold any share of the Target Company.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 5% but all applicable ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed “Conditions Precedent” in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should, therefore, exercise caution when dealing in the securities of the Company.**

## **THE DISPOSAL**

On 5 August 2020, Takson (BVI) as vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which Takson (BVI) has agreed to sell and the Purchaser has agreed to purchase the Sale Share, representing the entire issued share capital of the Target Company, an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$38,960,000.

The principal terms of the Sale and Purchase Agreement are summarised as follows:

### **Date**

5 August 2020

### **Parties**

Vendor: Takson (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability; and

Purchaser: Ho Sai Chak

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

### **Assets to be disposed**

The Purchaser has agreed to purchase and Takson (BVI) has agreed to sell the Sale Share, representing the entire issued share capital of the Target Company.

The Target Company is an indirect wholly-owned subsidiary of the Company.

For further information on the Target Company, please refer to the section headed “Information on the Target Company” below.

## **Consideration**

The Consideration for the sale and purchase of the Sale Share is HK\$38,960,000, which shall be paid by the Purchaser to Takson (BVI) in the following manner:-

- (a) the Purchaser shall pay to Takson (BVI) HK\$500,000 as deposit (the “**Deposit**”) upon the signing of the Sale and Purchase Agreement; and
- (b) the Purchaser shall pay to Takson (BVI) the remaining balance in the sum of HK\$38,460,000 on the Completion Date by way of cash, cheque, bank transfer or such other manner as may be directed by Takson (BVI).

The Consideration was determined after arm’s length negotiations between Takson (BVI) and the Purchaser having considered the net asset value of the Target Company at the date of this announcement.

The Directors are of the view that the Consideration is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

## **Completion**

Completion of the Disposal will take place on or before 30 September 2020 or such other date as agreed by the parties to the Sale and Purchase Agreement.

## **Conditions Precedent**

Completion of the sale and purchase of the Sale Share pursuant to the Sale and Purchase Agreement shall be conditional upon the following Conditions being fulfilled on or before the Completion Date (or other date as the parties may agree in writing):

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Company and reasonably satisfied with results thereof;
- (b) all necessary approvals (whether governmental, regulatory, under the Listing Rules or otherwise) as applicable in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained by Takson (BVI), the Target Company and the Purchaser, including the approval from the Stock Exchange in relation to the Sale and Purchase Agreement and the transactions contemplated therein;
- (c) all warranties on the part of Takson (BVI) given in the Sale and Purchase Agreement remaining true and accurate;

- (d) all warranties on the part of the Purchaser given in the Sale and Purchase Agreement remaining true and accurate;
- (e) the board of directors of the Purchaser having passed a resolution approving the transactions contemplated under the Sale and Purchase Agreement.

Takson (BVI) may at any time waive in writing the Conditions under paragraphs (d) and (e) above and such waiver may be made subject to such reasonable terms and conditions as determined by Takson (BVI).

The Purchaser may at any time waive in writing the Conditions under paragraphs (a) and (c) above and such waiver may be made subject to such reasonable terms and conditions as determined by the Purchaser.

In the event that the Conditions are not fulfilled or waived (as the case may be) on or before the Completion Date, the Sale and Purchase Agreement shall lapse and be of no further effect and the parties shall be released from such obligations without any liability save in respect of any antecedent breach or any accrued right or remedies, which shall not be prejudiced or affected.

#### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Target Company is properties investment. As at the date of this announcement, the Target Company held and leased out one investment property and one car parking space located in Hong Kong for generating rental income purpose.

Based on the audited financial information for the year ended 31 March 2019 and the unaudited financial result for the year ended 31 March 2020 both prepared in accordance with generally accepted accounting principles in Hong Kong, the profit before and after taxation of the Target Company for the years ended 31 March 2019 and 31 March 2020 are set out below:

	<b>For the year ended 31 March 2019</b>	<b>For the year ended 31 March 2020</b>
	<i>HK\$ (audited)</i>	<i>HK\$ (unaudited)</i>
Profit before taxation	6,817,987	2,798,775
Profit after taxation	6,319,399	2,556,549

The unaudited net asset value of the Target Company as at 31 March 2020 was approximately HK\$38,859,108.

The major assets of the Target Company, being its investment properties, had been valued by an independent valuer in the sum of HK\$39,700,000 as at 31 March 2020. The Directors believe that the valuation remains fair and reasonable by reference to the prevailing market price of comparable properties in the vicinity.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon Completion of the Disposal, the Company will cease to hold any share in the Target Company.

Based on the unaudited net asset value of the Target Company as at 31 March 2020, the Group is expected to record a gain of approximately HK\$100,892 as a result of the Disposal.

The actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the net asset value of the Target Group as at Completion Date and therefore may be different from the amount mentioned above.

## **USE OF PROCEEDS**

The proceeds from the Disposal of approximately HK\$38,960,000 will, after deducting all relevant expenses, be used by the Group for general working capital purpose.

## **INFORMATION ON THE COMPANY AND THE PURCHASER**

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products and property investment and provision of marketing services.

The Purchaser is a natural person and an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The purpose of the Disposal is for better allocation of the Group's resources. The Directors consider that the Disposal would enable the Group to free up capital for its operations and any potential new business opportunities that can give a better return so as to enhance the shareholder value.

The Directors believe that the Disposal is in the best interest of the Company and the terms of the Sale and Purchase Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 5% but all applicable ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed “Conditions Precedent” in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Board”	the board of Directors
“Company”	State Energy Group International Assets Holdings Limited, a company incorporated under the laws of Bermuda, the shares of which are listed on the Stock Exchange (Stock Code: 918)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	a date on or before 30 September 2020 or such other date as agreed by the parties to the Sale and Purchase Agreement
“Condition(s)”	the conditions set out in the Sale and Purchase Agreement
“Consideration”	the total consideration in the sum of HK\$38,960,000, being the consideration of the Sale Share, payable by the Purchaser to Takson (BVI) for the Disposal under the Sale and Purchase Agreement
“Directors”	directors of the Company

“Disposal”	the disposal of the Sale Share, representing the entire issued share capital of the Target Company, by Takson (BVI) to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Ho Sai Chak, a natural person
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 August 2020 entered into between Takson (BVI) and the Purchaser relating to the sale and purchase of the entire issued share capital of the Target Company
“Sale Share”	one ordinary share of US\$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takson (BVI)”	Takson (B.V.I.) Limited, a company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company

“Target Company”

Takson Sportswear Limited, a company incorporated under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of the Company

“%”

per cent

By Order of the Board  
**State Energy Group International Assets Holdings Limited**  
**Zhang Jinbing**  
*Chairman*

Hong Kong, 5 August 2020

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jinbing, Mr. Tian Wenxi and Mr. Wu Tingjun; and the independent non-executive Directors of the Company are Mr. Chow Hiu Tung, Ms. Yang Yanli and Mr. Zhao Hangen.*