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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)

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent



The Board is pleased to announce that on 20 January 2021 (after trading hours), the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to use its best effort to procure as placing agent of the Company, Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 155,081,000 Sale Shares at the Placing Price; and (b) the Vendor has agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Vendor, up to 155,081,000 new Shares (and such number shall be equivalent to the number of Sale Shares actually placed by the Placing Agent pursuant to the Placing and Subscription Agreement) at the Subscription Price (being the same as the Placing Price), in each case on the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of the Sale Shares represents: (a) approximately 19.99% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.67% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Placing Price of HK\$0.465 represents: (i) a discount of approximately 19.83% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on 20 January 2021, being the date of the Placing and Subscription Agreement; and (ii) a premium of approximately 1.97% to the average closing price of approximately HK\$0.456 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the date of the Placing and Subscription Agreement.

The gross proceeds from the Subscription are expected to be approximately HK\$72.11 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$71.11 million. On such basis, the net price per Placing Share will be approximately HK\$0.458. The Company intends to apply the net proceeds from the Placing in the manner detailed in the section headed “Reasons for the Placing and Subscription”.

The Subscription Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 21 August 2020. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders’ approval.

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

Completion of the transactions contemplated under the Placing and Subscription Agreement are subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Subscription is subject to the satisfaction of conditions precedent under the Placing and Subscription Agreement. Therefore, the Placing and/or the Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF EXISTING SHARES

The Board is pleased to announce that on 20 January 2021 (after trading hours), the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which (a) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to use its best effort to procure as placing agent of the Company, Placees to subscribe for 155,081,000 Sale Shares at the Placing Price and (b) the Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, up to 155,081,000 new Shares (and such number shall be equivalent to the number of Sale Shares actually placed by the Placing Agent pursuant to the Placing and Subscription Agreement) at the Subscription Price (being the same as the Placing Price), in each case on the terms and subject to the conditions set out in the Placing and Subscription Agreement. The principal terms of the Placing and Subscription Agreement are summarized below:

Date: 20 January 2021 (after trading hours)

Parties: (i) the Company
(ii) the Vendor
(iii) the Placing Agent

The Vendor

As at the date of this announcement, the Vendor and its sole shareholder hold an aggregate of 547,042,493 Shares, including the Sale Shares, representing approximately 70.55% of the total number of Shares in issue as at the date of this announcement.

The Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial owner(s) are Independent Third Parties prior to the entering into of the Placing and Subscription Agreement. The Placing Agent and its respective associates do not hold any Shares as at the date of this announcement.

Placees

It is expected that the Sale Shares will be placed to not fewer than six Placees who shall be professional, institutional or other investors who and whose ultimate beneficial owners are Independent Third Parties.

The Sale Shares

The number of the Sale Shares represents: (a) approximately 19.99% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.67% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

Placing Price

The Placing Price of HK\$0.465 represents: (i) a discount of approximately 19.83% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on 20 January 2021, being the date of the Placing and Subscription Agreement; and (ii) a premium of approximately 1.97% to the average closing price of approximately HK\$0.456 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Company, the Vendor and the Placing Agent.

Completion of the Placing

There are no conditions precedent to the Placing, save for the rights of the Placing Agent to exercise its rights to terminate the Placing and Subscription Agreement (as described below). Completion of the Placing is expected to take place on 25 January 2021 (or such later time and/or date as the Vendor and Placing Agent may agree in writing).

Termination

Pursuant to the terms of the Placing and Subscription Agreement, if at any time prior to 8:00 a.m. (Hong Kong time) of the Completion Date if:

- (1) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Vendor in the Placing and Subscription Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Upon termination of the Placing and Subscription Agreement, all liabilities of the parties shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing and Subscription Agreement save in respect of any antecedent breach of any obligation under the Placing and Subscription Agreement.

THE SUBSCRIPTION

Subscription Shares

The Vendor has agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares up to 155,081,000 new Shares (and such number shall be equivalent to the number of Sale Shares actually placed by the Placing Agent pursuant to the Placing and Subscription Agreement) at the Placing Price, free from all liens, charges, security interests, encumbrances and adverse claims, in consideration for the payment of the Subscription Monies by the Vendor to the Company, subject to the terms and conditions of the Placing and Subscription Agreement.

The number of the Subscription Shares represents: (a) approximately 19.99% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.67% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Subscription Price

The Subscription Price is the same as the Placing Price. The aggregate nominal value of the Subscription Shares is HK\$15,508,120.

Conditions of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions:

- (a) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares (and such approval and permission not subsequently being revoked).

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares. The Placing and Subscription Agreement has not provided for the right of the parties to waive the above conditions.

Completion of the Subscription

Completion of the Subscription will take place no later than the second Business Day after the date upon which the last of the conditions having been satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

If the conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void.

Pursuant to Chapter 14A of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, the Subscription will be regarded as a connected transaction, and in such case, the Company would need to issue a circular and hold an extraordinary general meeting to seek the approval of the independent Shareholders before the Subscription can be proceeded.

GENERAL MANDATE

The Subscription Shares are to be issued under the General Mandate.

As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate and the number of new Shares that could be allotted and issued by the Company under the General Mandate is 155,081,200 Shares. The allotment and issue of the Subscription Shares will utilise approximately 99.99% of the General Mandate. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING AND SUBSCRIPTION

The Group is principally engaged in (i) the sourcing, subcontracting, marketing and sales of garments and sportswear products; (ii) the provision of marketing services; and (iii) property investment.

The proposed Placing and the Subscription would achieve the following benefits for the Company:

- (i) it would increase the amount of Shares held by public investors which may in turn enhance the trading liquidity of the Shares;
- (ii) it would introduce new investors to the Company and hence further optimise and diversify the shareholder base of the Company;

- (iii) it would capture the current Share price to raise new proceeds for the Group's business expansion in its principal businesses and general working capital purposes; and
- (iv) it is expected that the Company's liquidity would be improved and its gearing level would be lowered as a result of the Placing and the Subscription and thereby preserving the healthiness of the financial status of the Company.

The Directors (including the independent non-executive Directors), taking into account the above benefits to the Company, considered that the Placing Price, the Subscription Price and the terms of the Placing and Subscription Agreement are fair and reasonable based on the current market conditions. Accordingly, the Board considers that the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The maximum gross proceeds and net proceeds from the Subscription will be HK\$72.11 million and approximately HK\$71.11 million respectively. The Placing and the Subscription will raise additional capital for the Group for its business development.

The Company intends to apply as to 90% of the net proceeds from the Subscription to fund the Group's business expansion and as to 10% of the net proceeds from the Subscription as general working capital.

Apart from fees and commissions payable to, and the reimbursement of costs and expenses of, the Placing Agent, the Stock Exchange trading fee, the SFC transaction levy and the relevant professional expenses, there are no other material expenses payable by the Company. Other than the intended use stated above, there is no other specific usage for the net proceeds.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to completion of the Placing and the Subscription, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing and the Subscription; and (iii) immediately following completion of the Share Purchase Agreement ^(Note 1).

	As at the date of this announcement		Immediately after completion of the Placing and the Subscription		Immediately following completion of the Share Purchase Agreement	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Shareholders						
Always Profit ^(Note 2)	547,042,493	70.55	547,042,493	58.79	547,042,493	57.20
Public Shareholders						
— The Placees	—	—	155,081,000	16.67	155,081,000	16.22
— Wenxi Investment	—	—	—	—	25,826,771	2.70
— Other Public Shareholders	<u>228,363,507</u>	<u>29.45</u>	<u>228,363,507</u>	<u>24.54</u>	<u>228,363,507</u>	<u>23.88</u>
Total	<u>775,406,000</u>	<u>100.00</u>	<u>930,487,000</u>	<u>100.00</u>	<u>956,313,771</u>	<u>100.00</u>

Notes:

- (1) The Company as purchaser and Wenxi Investment as vendor entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire, and Wenxi Investment has conditionally agreed to sell, 40% of the issued share capital of GBR (HK) Limited at a maximum consideration of HK\$16.4 million. Upon completion of the Share Purchase Agreement (which is subject to the approval by Shareholders at a special general meeting of the Company), HK\$9.84 million as consideration will be paid by the Company to Wenxi Investment by the allotment and issue of 25,826,771 new Shares by the Company, to be credited as fully paid, to the Vendor (or its nominee(s)). The remainder of the Consideration in the sum of HK\$6.56 million will only be paid by the Company to Wenxi Investment or its nominee(s) by way of issue and allotment of 17,217,846 new Shares in two batches upon fulfilment of certain conditions. For details, please refer to the announcement dated 18 January 2021 of the Company.
- (2) Always Profit is solely owned by Mr. Zhang Jinbing who is an executive Director and the Chairman of the Board.

FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity through the issue of equity securities in the past twelve months immediately before the date of this announcement.

Completion of the transactions contemplated under the Placing and Subscription Agreement are subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Subscription is subject to the satisfaction of conditions precedent under the Placing and Subscription Agreement. Therefore, the Placing and/or the Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“Company”	State Energy Group International Assets Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 918)
“Completion Date”	25 January 2021 (or such later date as the Vendor and the Placing Agent shall agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“General Mandate”	the general mandate granted to the Directors pursuant to a resolution passed at the annual general meeting of the Company held on 21 August 2020 to allot, issue and deal with up to 155,081,200 Shares
“Group”	the Company, its subsidiaries and its consolidated affiliated entities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent or their agent(s) to subscribe for any Sale Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	GLAM Capital Limited (港利資本有限公司), a corporation with an active license record with the Hong Kong Securities and Futures Commission and CE number BNR298
“Placing”	the Placing of the Sale Shares at the Placing Price pursuant to the terms and conditions set out in the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 20 January 2021 entered into between the Company, the Vendor, and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the aggregate Placing price of HK\$72,112,758 payable by the Placees for the Placing of the Sale Shares
“SFC”	Securities and Futures Commission

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sale Shares”	up to 155,081,000 Shares beneficially owned by the Vendor and to be sold pursuant to the Placing and Subscription Agreement
“Share Purchase Agreement”	the sale and purchase agreement dated 18 January 2021 entered into between the Company and Wenxi Investment in relation to the proposed acquisition by the Company (or its nominee(s)) of 40% of the issued share capital of GBR (HK) Limited from Wenxi Investment
“Shares”	shares of HK\$0.1 each in the share capital of the Company
“Subscription”	the subscription of the Subscription Shares by the Vendor at the Subscription Price pursuant to the terms and conditions of the Placing and Subscription Agreement
“Subscription Monies”	such sum as is the aggregate of the Placing Price multiplied by the number of Subscription Shares less the relevant expenses pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	the price payable per Subscription Share by the Vendor, which price shall be the same as the Placing Price (being HK\$0.465 per Subscription Share)
“Subscription Shares”	up to 155,081,000 new Shares (and such number shall be equivalent to the number of Sale Shares actually placed by the Placing Agent pursuant to the Placing and Subscription Agreement) to be allotted and issued by the Company to the Vendor under the Subscription
“Vendor”	Always Profit Development Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of our Company

“Wenxi Investment”

Wenxi Investment Management Co., Ltd., a company incorporated in the British Virgin Islands with limited liability

“%”

per cent.

For presentation purpose, percentage figures presented in this announcement have been rounded to the nearest two decimal places.

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

Hong Kong, 20 January 2021

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