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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)

**CHANGE IN USE OF PROCEEDS FROM THE PLACING AND
TOP-UP SUBSCRIPTION**

Reference is made to the announcements of State Energy Group International Assets Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 20 January 2021, 26 January 2021 and 3 February 2021 (together, the “**Announcements**”) in relation to the Placing of existing Shares and the Subscription of new Shares under the General Mandate. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

USE OF PROCEEDS FROM THE SUBSCRIPTION

As disclosed in the Announcements, the net proceeds from the Subscription will be approximately HK\$71.11 million (the “**Net Proceeds**”) which shall be used for repayment of the outstanding loans due to Chong Kin, a related company of the Company, and Always Profit, the controlling shareholder of the Company.

As of the date of this Announcement, the Net Proceeds has been utilised (i) as to approximately HK\$41.07 million to repay the outstanding loans due to Chong Kin; and (ii) with the agreement by Always Profit, as to approximately HK\$30.04 million to repay the outstanding bank loan (the “**Bank Loan**”) of the Company (the “**Change in Use of Proceeds**”) instead of repayment of outstanding loan due to Always Profit.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As at 31 January 2021, the Company has an outstanding bank loan in the sum of approximately HK\$45.65 million, which bears interest at the interest rate of approximately 2% per annum while the Company has also a loan due to Always Profit in the sum of approximately HK\$141.63 million which does not bear any interest. In view of the indebtedness position of the Group and the Group's exposure in payment of interest of commercial loans, Always Profit has agreed that the Net Proceeds be first utilised to settle the Bank Loan.

Having considered that the Change in the Use of Proceeds would lower the gearing ratio of the Company, reduce the exposure of the interest payment of the Company and enhance its financial healthiness, the Board is of the view that the Change in Use of Proceeds will have positive impact on the Group and is in the best interests of the Company and its shareholders as a whole, and has resolved and confirmed the Change in Use of Proceeds and to reallocate approximately HK\$30.04 million out of the Net Proceeds for repayment of the Bank Loan.

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

Hong Kong, 19 March 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.