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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)**

- (I) PROPOSED CAPITAL REORGANISATION;  
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THREE (3) RIGHTS SHARES  
FOR EVERY ONE (1) ADJUSTED SHARE  
HELD ON THE RECORD DATE;  
(IV) CONNECTED TRANSACTION IN RELATION TO  
THE UNDERWRITING AGREEMENT;  
AND  
(V) APPLICATION FOR WHITEWASH WAIVER**

**Financial Adviser to the Company**



**Underwriters of the Rights Issue**

**Always Profit Development Limited**



**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



## **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which will involve (i) the Share Consolidation whereby every five (5) issued and unissued Existing Shares of HK\$0.10 each shall be consolidated into one (1) Consolidated Share of HK\$0.50 each; (ii) the Capital Reduction whereby the par value of all the then issued Consolidated Shares shall be reduced from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each issued Consolidated Share; (iii) the Share Subdivision whereby every unissued Consolidated Share of par value of HK\$0.50 each in the authorised share capital of the Company shall be divided into fifty (50) Adjusted Shares of par value of HK\$0.01 each; (iv) the reduction of the entire amount standing to the credit of the share premium of the Company; (v) the transfer of the credit arising from the Capital Reduction and the Reduction of Share Premium Account to the contributed surplus account of the Company; and (vi) the amount standing to the credit of the contributed surplus account be applied in full to set off the accumulated losses of the Company or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda.

The Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll at the SGM.

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Existing Shares of par value of HK\$0.10 each, and there are 956,312,771 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation and the Capital Reduction becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$300,000,000 divided into 30,000,000,000 Adjusted Shares of HK\$0.01 each, of which 191,262,554 Adjusted Shares will be in issue, which are fully paid or credited as fully paid.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading of the Shares on the Stock Exchange from 2,000 Existing Shares to 6,000 Adjusted Shares conditional upon the Capital Reorganisation becoming effective.

## **PROPOSED RIGHTS ISSUE**

Conditional on, among other things, the Capital Reorganisation having become effective and the approval by the Independent Shareholders at the SGM, the Company proposes the issue of 573,787,662 Rights Shares by way of the Rights Issue, on the basis of three (3) Rights Shares for every one (1) Adjusted Share held on the Record Date at the Subscription Price of HK\$0.35 per Rights Share to raise approximately HK\$200.8 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date). The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$197.8 million (assuming no further issue or repurchase of Shares on or before the Record Date), of which (a) as to approximately HK\$156.8 million is intended to be used for repayment of the amount due from the Group to Always Profit (the Company's controlling shareholder which is in turn wholly owned by Mr. Zhang, the Chairman and the executive Director) (i.e. the Shareholder's Loan) (based on the unaudited balance of approximately HK\$156.8 million as at 7 April 2021, being the latest practicable date for inclusion of such information in this announcement) to relieve the financial burden of the Company; and (ii) as to the remaining amount of approximately HK\$41.0 million for repayment of bank borrowings and general working capital of the Group.

### **The Irrevocable Undertaking**

As at the date of this announcement, Always Profit, a company wholly owned by Mr. Zhang, is interested in 403,602,493 Existing Shares (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the entire issued share capital of the Company as at the date of this announcement.

Pursuant to the Irrevocable Undertaking, Always Profit has undertaken to the Company and the Underwriters that (i) all the above Shares will remain beneficially owned by it on the Record Date; and (ii) it will take up and pay for 242,161,494 Rights Shares to be provisionally allotted to it under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

## **The Compensatory Arrangements and the Placing Agreement**

The Company will make arrangements as described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Qualifying Shareholders to whom they were offered by way of the Rights Issue. After the Stock Exchange trading hours on 8 April 2021, the Company and GLAM Capital entered into the Placing Agreement, pursuant to which GLAM Capital has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions during the process of the Placing.

## **THE UNDERWRITING AGREEMENT**

The Rights Shares (other than those agreed to be taken up by Always Profit pursuant to the Irrevocable Undertaking) will be fully underwritten by the Underwriters. After the Stock Exchange trading hours on 8 April 2021, the Company entered into the Underwriting Agreement with the Underwriters in respect of the Rights Issue, pursuant to which, subject to the Company's compliance with the public float requirement under Rule 8.08(1) of the Listing Rules, the Underwriters have agreed to procure that a maximum of 331,626,168 Untaken Rights Shares shall be taken up as to (i) firstly, up to 229,383,362 Untaken Rights Shares by Always Profit; and (ii) secondly, any Untaken Rights Shares in excess of 229,383,362 Untaken Rights Shares by GLAM Capital which are intended to be taken up by subscribers procured by it and/or its sub-underwriters pursuant to the terms and subject to the conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, as the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM, at which the controlling shareholders and their associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue. As such, Always Profit, the controlling shareholder of the Company which is interested in 403,602,493 Existing Shares as at the date of this announcement (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the entire issued share capital of the Company, and its associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM. Wenxi Investment, which is wholly owned by Mr. Tian, is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code until completion of the Rights Issue. Therefore, Mr. Tian and his associates (including Wenxi Investment) shall also abstain from voting in favour of the abovementioned resolution(s).

Always Profit, being one of the Underwriters, is a controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, Always Profit and parties acting in concert with it are, in aggregate, interested in 403,602,493 Existing Shares (equivalent to 80,720,498 Adjusted Shares after considering the effect of the Capital Reorganisation), representing approximately 42.2% of the issued share capital of the Company. Wenxi Investment, which is wholly owned by Mr. Tian who is an executive Director, holds 25,826,771 Existing Shares (equivalent to 5,165,354 Adjusted Shares after taking into account the effect of the Capital Reorganisation) as at the date of this announcement, representing approximately 2.7% of the issued share capital of the Company. Wenxi Investment is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code until completion of the Rights Issue. Having taken into account the aforesaid Existing Shares held by Wenxi Investment, Always Profit and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 429,429,264 Existing Shares (equivalent to 85,885,852 Adjusted Shares after taking into account the effect of the Capital Reorganisation) as at the date of this announcement, representing approximately 44.9% of the issued share capital of the Company. Always Profit has provided the Irrevocable Undertaking to take up and pay for 242,161,494 Rights Shares to be provisionally allotted to it under the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by Always Profit pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, Always Profit, as one of the Underwriters, will be required to take up a maximum of 229,383,362 Rights Shares. In such circumstances and upon completion of the Rights Issue, assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, Always Profit and parties acting in concert with it (excluding the party presumed to be acting in concert with it according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code (i.e. Wenxi Investment)) will, in aggregate, be interested in 552,265,354 Adjusted Shares, representing approximately 72.2% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, Always Profit would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by Always Profit and parties acting in concert with it, unless the Whitewash Waiver is granted. After completion of the Rights Issue, Wenxi Investment will no longer be presumed acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code.

An application will be made by Always Profit to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. Always Profit, its associates and parties acting in concert with it, Mr. Tian and his associates (including Wenxi Investment), and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the SGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver as mentioned above. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

If the Whitewash Waiver is granted and approvals by the Independent Shareholders are obtained as mentioned above, upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the maximum potential holding of voting rights of Always Profit in the Company will exceed 50%. Always Profit may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

#### **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising Mr. Chow Hiu Tung, Mr. Zhao Hangen and Ms. Yang Yanli, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Gram Capital has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in these regards.

## **DESPATCH OF CIRCULAR**

The Circular containing, among other things, (i) further details of the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in the aforesaid regards; (iv) a valuation report on the Group's properties in compliance with Rule 11 of the Takeovers Code; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) a notice convening the SGM, is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. Having taken into account the estimated time required for the Company to compile the information required for the Circular, the Circular is expected to be despatched on or before Monday, 10 May 2021, which is beyond the aforesaid deadline. An application will be made by the Company to seek the consent from the Executive for the extension of the deadline for the despatch of the Circular.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the SGM and upon the Capital Reorganisation becoming effective, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the fulfilment of the conditions contained in the Underwriting Agreement (including the approval by the Independent Shareholders at the SGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver) and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not proceed.**



**The Adjusted Shares are expected to be dealt in on an ex-rights basis from Friday, 11 June 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 22 June 2021 to Tuesday, 29 June 2021. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Existing Shares, the Adjusted Shares or in the nil-paid Rights Shares until all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, the Adjusted Shares or the nil-paid Rights Shares.**

## **PROPOSED CAPITAL REORGANISATION**

### **Capital Reorganisation**

The Board proposes to implement the Capital Reorganisation which will involve the following:

- (i) the Share Consolidation whereby every five (5) issued and unissued Existing Shares of HK\$0.10 each shall be consolidated into one (1) Consolidated Share of HK\$0.50 each;
- (ii) the Capital Reduction whereby the par value of all the then issued Consolidated Shares shall be reduced from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each issued Consolidated Share;
- (iii) the Share Subdivision whereby every unissued Consolidated Share of par value of HK\$0.50 each in the authorised share capital of the Company shall be divided into fifty (50) Adjusted Shares of par value of HK\$0.01 each;
- (iv) the Reduction of Share Premium Account, being the reduction of the entire amount standing to the credit of the share premium of the Company;

- (v) the Credit Transfer whereby (a) the credit arising from the Capital Reduction in the amount equal to the total number of the then issued Consolidated Shares upon the Share Consolidation becoming effective multiplied by HK\$0.49; and (b) the amount arising from the Reduction of Share Premium Account shall be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (vi) the amount standing to the credit of the contributed surplus account be applied in full to set off the accumulated losses of the Company or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda.

### Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Existing Shares of par value of HK\$0.10 each, and there are 956,312,771 Existing Shares in issue which are fully paid or credited as fully paid. Upon the Share Consolidation and the Capital Reduction becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$300,000,000 divided into 30,000,000,000 Adjusted Shares of HK\$0.01 each, of which 191,262,554 Adjusted Shares will be in issue, which are fully paid or credited as fully paid. The Adjusted Shares will rank *pari passu* in all respects with each other in accordance with the Bye-laws.

The following table sets out the effects of the Capital Reorganisation on the share capital of the Company:

	<b>Prior to the Capital Reorganisation</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
Nominal value of each Share	HK\$0.10 per Existing Share	HK\$0.01 per Adjusted Share
Number of authorised Shares	3,000,000,000 Existing Shares	30,000,000,000 Adjusted Shares
Authorised share capital	HK\$300,000,000	HK\$300,000,000
Number of Shares in issue	956,312,771 Existing Shares	191,262,554 Adjusted Shares
Issued and fully paid-up share capital	HK\$95,631,277.10	HK\$1,912,625.54
Unissued share capital	HK\$204,368,722.90 comprising 2,043,687,229 Existing Shares	HK\$298,087,374.46 comprising 29,808,737,446 Adjusted Shares

Based on 956,312,771 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$93,718,652 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act which, together with the amount arising from the Reduction of Share Premium Account and any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will be applied in full by the Board to set off the accumulated losses of the Company or be applied in any other manner as may be permitted under the Bye-laws and all applicable laws of Bermuda. Based on the annual report of the Company for the year ended 31 March 2020, the audited accumulated losses and share premium of the Company amounted to HK\$260,241,000 and HK\$66,894,000 respectively as at 31 March 2020.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or affect the proportionate interests and voting rights of the Shareholders in the Company.

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into any Shares.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon the fulfilment of the following conditions:

- (i) the passing of a special resolution by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) the compliance with all relevant procedures and requirements under the Listing Rules and the laws of Bermuda (where applicable) to effect the Capital Reorganisation, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

No Shareholder is required to abstain from voting on the Capital Reorganisation at the SGM.

Subject to fulfilment of the above conditions, the Capital Reorganisation will become effective on the second Business Day immediately following the SGM.

### **Application for listing**

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective. Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, upon the Capital Reorganisation being effective, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading of the Shares on the Stock Exchange from 2,000 Existing Shares to 6,000 Adjusted Shares conditional upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.09 per Existing Share (equivalent to the theoretical closing price of HK\$0.45 per Adjusted Share) as at the date of this announcement, (i) the value of each existing board lot of 2,000 Existing Shares is HK\$180; (ii) the value of each board lot of 2,000 Adjusted Shares would be HK\$900 assuming the Capital Reorganisation becoming effective; and (iii) the estimated value per board lot of 6,000 Adjusted Shares would be HK\$2,700 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in a change in the relative rights of the Shareholders.

## **OTHER ARRANGEMENTS IN RELATION TO THE CAPITAL REORGANISATION**

### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period, submit the existing share certificates for the Existing Shares to the Registrar in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Adjusted Shares. Thereafter, existing share certificates for the Existing Shares will continue to be good evidence of legal title on the basis of five (5) Existing Shares for one (1) Adjusted Share and may be exchanged for new share certificates for Adjusted Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Adjusted Shares (whichever is higher) but are not acceptable for trading, settlement and registration after 4:10 p.m. on Monday, 12 July 2021.

The new share certificates for the Adjusted Shares will be issued in red colour in order to distinguish them from the share certificates for the Existing Shares which are in green colour.

### **Fractional entitlement to Adjusted Shares**

Fractional Adjusted Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

### **Odd lots arrangements and matching services**

In order to alleviate the difficulties arising from the existence of odd lots of the Adjusted Shares following the Capital Reorganisation and the Change in board Lot Size, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangement will be set out in the Circular.

Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

## **REASONS FOR THE CAPITAL REORGANISATION AND THE CHANGE IN BOARD LOT SIZE**

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 (the “**Guideline**”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$0.09. With a board lot size of 2,000 Existing Shares, the Existing Shares are trading under HK\$2,000 per board lot.

The Existing Shares have been constantly traded below HK\$1.00 since the resumption of trading of the Shares on 7 December 2020. In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation, together with the Change in Board Lot Size, will increase the value of each board lot of the Adjusted Shares to more than HK\$2,000.

The Capital Reorganisation also involves the Capital Reduction and the Credit Transfer. Upon the Capital Reduction and the Credit Transfer becoming effective, the amount credited to the contributed surplus account of the Company will be used to offset against the balance of the accumulated losses of the Company and accordingly, the Company will have greater flexibility in declaring dividends for the benefit of its Shareholders in future as and when appropriate.

Based on the above, the Board believes the Capital Reorganisation and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

## PROPOSED RIGHTS ISSUE

### Rights Issue Statistics

The Company proposes, subject to, among other things, the Capital Reorganisation having become effective, the Rights Issue with the terms set out as follows:

Basis of the Rights Issue	: Three (3) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.35 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue)	: Approximately HK\$0.34 per Rights Share
Number of Shares in issue as at the date of this announcement	: 956,312,771 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	: 191,262,554 Adjusted Shares (assuming there is no further issue or repurchase of Shares up to the effective date of the Capital Reorganisation)
Number of Rights Shares to be issued pursuant to the Rights Issue	: 573,787,662 Rights Shares (assuming there is no further issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares	: HK\$5,737,876.62
Total number of Adjusted Shares in issue upon completion of the Rights Issue	: 765,050,216 Adjusted Shares (assuming there is no further issue or repurchase of Shares on or before the Record Date)
Gross proceeds from the Rights Issue (before expenses)	: Approximately HK\$200,825,682 (assuming no further issue or repurchase of Shares on or before the Record Date)

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares.

Assuming there is no further issue or repurchase of Shares on or before the Record Date, the 573,787,662 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent (i) 300.0% of the total number of issued Adjusted Shares upon the Capital Reorganisation becomes effective; and (ii) approximately 75.0% of the total number of issued Adjusted Shares as enlarged immediately upon completion of the Rights Issue.

### **The Subscription Price**

The Subscription Price of HK\$0.35 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.2% to the theoretical closing price of HK\$0.45 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.09 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 24.2% to the theoretical average closing price of approximately HK\$0.462 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0924 per Existing Share;
- (iii) a discount of approximately 27.3% to the theoretical average closing price of approximately HK\$0.4815 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0963 per Existing Share;
- (iv) a discount of approximately 7.4% to the theoretical ex-rights price of approximately HK\$0.378 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0924 per Existing Share;



- (v) a premium of approximately 113.4% over the net asset value of the Company of approximately HK\$0.164 per Adjusted Share, which is calculated by dividing the audited consolidated equity attributable to equity holders of the Company of approximately HK\$31,452,000 as at 31 March 2020 as shown in the Company's annual report for the year ended 31 March 2020 by 191,262,554 Adjusted Shares assuming the Capital Reorganisation has become effective; and
- (vi) a premium of approximately 77.7% over the net asset value of the Company of approximately HK\$0.197 per Adjusted Share, which is calculated by dividing the unaudited consolidated equity attributable to equity holders of the Company of approximately HK\$37,672,000 as at 30 September 2020 as shown in the Company's interim report for the six months ended 30 September 2020 by 191,262,554 Adjusted Shares assuming the Capital Reorganisation has become effective.

The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 19.0%, representing a discount of the theoretical diluted price of approximately HK\$0.3798 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of HK\$0.469 per Adjusted Share (after taking into account the effect of the Capital Reorganisation). The aforesaid benchmarked price is based on the higher of the closing price on the date of this announcement of HK\$0.09 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the date of this announcement of HK\$0.0938 per Existing Share. The aforesaid theoretical diluted price has taken into account the sum of (i) the product of the said benchmarked price and the 191,262,554 Adjusted Shares in issue immediately before the Rights Issue; and (ii) the gross proceeds from the Rights Issue of approximately HK\$200,825,682, and divided by the 765,050,216 Adjusted Shares in issue upon completion of the Rights Issue, assuming there is no further issue or repurchase of Shares on or before the Record Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to, among other things, (i) the recent market prices of the Existing Shares under the prevailing market conditions; (ii) the financial condition of the Group; and (iii) the funding needs of the Group to relieve its financial burden by repaying the amount due from the Group to Always Profit (the Company's controlling shareholder which is in turn wholly owned by Mr. Zhang, the Chairman and the executive Director) (i.e. the Shareholder's Loan), and to provide sufficient working capital for its daily operation and business development. After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as disclosed in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" in this announcement, the Directors (other than the members of the

Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from Gram Capital which has been appointed as the independent financial adviser to advise on the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver) consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company, and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Adjusted Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 15 June 2021.

It is expected that the last day of dealings in the Adjusted Shares on a cum-rights basis is Thursday, 10 June 2021, and the Adjusted Shares will be dealt in on an ex-rights basis from Friday, 11 June 2021.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

## **Closure of register of members**

The register of members of the Company will be closed from Wednesday, 16 June 2021 to Thursday, 17 June 2021 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Adjusted Shares will be registered during the above book closure period.

## **Provisional allotments**

The basis of the provisional allotments shall be three (3) Rights Shares (in nil-paid form) for every one (1) Adjusted Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

## **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds from such sale, less

expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be taken up by the Underwriters.

For the nil-paid Rights Shares that are sold in the market by the Company as described above, if the buyer(s) of such nil-paid Rights Shares does not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries to be made by the Company as mentioned above pursuant to Rule 13.36 of the Listing Rules. The Company reserves the right to permit any Overseas Shareholder to take up Rights Shares if the Board, based on the legal advice to be provided by the legal advisers to the Company, is satisfied that the extending of the Rights Issue to such Overseas Shareholder is exempted from or not subject to the laws and regulations in the relevant place of his/her/its registered address which would otherwise give rise to restrictions in that place upon the offer or take-up of the Rights Shares and the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

#### **Share certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on Monday, 19 July 2021 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on Monday, 19 July 2021 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

#### **Fractional entitlement to the Rights Shares**

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

## **The Irrevocable Undertaking**

As at the date of this announcement, Always Profit, a company wholly owned by Mr. Zhang, is interested in 403,602,493 Existing Shares (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the entire issued share capital of the Company as at the date of this announcement.

Pursuant to the Irrevocable Undertaking, Always Profit has undertaken to the Company and the Underwriters that (i) all the above Shares will remain beneficially owned by it on the Record Date; and (ii) it will take up and pay for 242,161,494 Rights Shares to be provisionally allotted to it under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

## **Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements**

Pursuant to Rule 7.21(2) of the Listing Rules, as Always Profit, being one of the Underwriters, is a controlling shareholder of the Company interested in 403,602,493 Existing Shares (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the entire issued share capital of the Company as at the date of this announcement, the Company will make arrangements as described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent places for the benefit of the Qualifying Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis. Any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m. on Monday, 12 July 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that the Net Gain to any of the No Action Shareholder(s) mentioned above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

## THE PLACING AGREEMENT

On 8 April 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are as follows:

- Date : 8 April 2021 (after trading hours)
- Placing Agent : GLAM Capital was appointed as the placing agent to place, or procure the placing of, a maximum of 331,626,168 Unsubscribed Rights Shares (assuming no new Shares will be issued or repurchased on or before the Record Date), on a best effort basis, to the Placee(s).
- Placing commission payable to the Placing Agent : 1% of the aggregate amount equal to the placing price of the Unsubscribed Rights Shares multiplied by the actual number of the Unsubscribed Rights Shares being placed
- Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.
- The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions during the process of the Placing.
- Placee(s) : Subject to the Company's compliance with the public float requirement under Rule 8.08(1) of the Listing Rules, the Unsubscribed Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with any of the Company's connected persons and the Underwriters.
- Ranking of Unsubscribed Rights Shares : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Adjusted Shares then in issue.

- Condition precedent : The Placing is subject to and conditional on the fulfilment or waiver of the conditions of the Underwriting Agreement in accordance with the Underwriting Agreement.
- Completion date of the Placing : The date when the Rights Shares are duly issued by the Company under the Rights Issue, which is Monday, 19 July 2021 or such other date as the Company and the Placing Agent may agree in writing.
- Termination : The Placing Agent shall be entitled, by notice in writing to the Company prior to the Latest Time for Termination, to terminate the Placing Agreement, if in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
- (i) any material breach of any warranties or the undertakings contained in the Placing Agreement coming to the knowledge of the Placing Agent, or a material breach on the part of the Company of any other provision of the Placing Agreement or any matter which has arisen and would reasonably be expected to give rise to such a material breach or material claim in respect of the warranties or undertakings contained in the Placing Agreement; or
  - (ii) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or



- (iii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Placing Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iv) any adverse change after the signing of the Placing Agreement in the business or in the financial or trading position or prospects of the Group as a whole which is material in the context of the Placing; or
- (v) any event or circumstances in the nature of force majeure including but without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, terrorism, or strike occurred after the signing of the Placing Agreement in or affecting Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (vi) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Placing Agreement which is or might be material to the Group taken as a whole; or

- (vii) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (viii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group); or
- (ix) any statement contained in the Prospectus has become and been discovered to be untrue, incorrect, incomplete or misleading in any material aspect, or matters have arisen or have been discovered which would, if the Prospectus were to be issued at the time, constitute a material omission therefrom.

Upon the giving of such notice as referred to above by the Placing Agent, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party, save for any antecedent breaches.

The terms of the Placing Agreement (including the placing commission) were determined after arm's length negotiations between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission, and are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares for the Company; and (ii) a compensatory mechanism for the No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

## THE UNDERWRITING AGREEMENT

The Rights Shares (other than those agreed to be taken up by Always Profit pursuant to the Irrevocable Undertaking) will be fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

- Date : 8 April 2021 (after trading hours)
- Underwriters : (i) Always Profit, an investment holding company incorporated in the BVI with limited liability and a controlling shareholder of the Company interested in 403,602,493 Existing Shares as at the date of this announcement (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the entire issued share capital of the Company. Always Profit is wholly and beneficially owned by Mr. Zhang, the Chairman and an executive Director. Always Profit has confirmed that it, Mr. Zhang and parties acting in concert with any of them are not acting in concert with GLAM Capital (the other Underwriter) and the ultimate beneficial owners of GLAM Capital. It is not in the ordinary course of business of Always Profit to underwrite securities; and
- (ii) GLAM Capital, a company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (a) GLAM Capital is a licensed corporation carrying out Type 1 (dealing in securities), Type 4 (advising in securities) and Type 9 (asset management) regulated activities under the SFO and its ordinary course of business includes placing and underwriting of securities, investment advisory services, discretionary investment management services and fund management services; (b) GLAM Capital, its associates and parties acting concert with it do not hold any Existing Shares as at the date of this announcement; and (c) GLAM Capital and its ultimate beneficial owners are Independent Third Parties and not acting in concert with Always Profit, Mr. Zhang and parties acting in concert with any of them. GLAM Capital is also the placing agent pursuant to the Placing Agreement in respect of the Compensatory Arrangements.

Number of Rights Shares to be underwritten by the Underwriters : A maximum of 331,626,168 Rights Shares (assuming no Shares will be issued or repurchased on or before the Record Date), as to up to 229,383,362 Rights Shares and 102,242,806 Rights Shares to be underwritten by Always Profit and GLAM Capital respectively, representing approximately 69.2% and 30.8% of the total number of Rights Shares to be underwritten by the Underwriters respectively.

Subject to the Company's compliance with the public float requirement under Rule 8.08(1) of the Listing Rules, up to 229,383,362 Untaken Rights Shares will be firstly taken up by Always Profit. Any Untaken Rights Shares in excess of 229,383,362 Untaken Rights Shares shall be underwritten by GLAM Capital which are intended to be taken up by subscribers procured by it and/or its sub-underwriters, who shall be Independent Third Parties and not acting in concert with the Company's connected persons and the Underwriters.

Underwriting Commission : (i) Always Profit will not receive any underwriting commission; and  
(ii) underwriting commission calculated at 1% of the Subscription Price in respect of the Rights Shares underwritten by GLAM Capital shall be payable by the Company to GLAM Capital.

Subject to the fulfilment of the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms of the Underwriting Agreement, the Underwriters have agreed to procure the taking up of the Untaken Rights Shares (being any Rights Shares that are provisionally allotted but not accepted by the Qualifying Shareholders and not placed by the Placing Agent under the Placing Agreement and the entitlements of the Non-Qualifying Shareholders to the Rights Shares which are unsold), according to the priority and quantity as mentioned in the above table. The Underwriters have also undertaken that they shall take steps necessary to ensure the Company's compliance of the minimum public float requirements as set out under Rule 8.08(1) of the Listing Rules upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the commission) were determined after arm's length negotiations between the Company and the Underwriters by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market conditions and the prevailing market rate of commission. The Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the Circular after reviewing and considering the advice from Gram Capital) are of the view that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Since Always Profit, being one of the Underwriters to the Rights Issue, is wholly owned by Mr. Zhang, Mr. Zhang has a material interest in the transactions contemplated under the Underwriting Agreement. Wenxi Investment, which is wholly owned by Mr. Tian, is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of "acting in concert" in the Takeovers Code until completion of the Rights Issue. Therefore, Mr. Zhang and Mr. Tian abstained from voting on the Board resolutions approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

### **Conditions of the Rights Issue**

The obligations of the Underwriters under the Underwriting Agreement are conditional on the fulfilment (or waiver, if applicable, by the Underwriters) of the following conditions:

- (i) the passing of all the necessary resolution(s) by the Board on or before the Prospectus Posting Date to approve (a) the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder; (b) the Capital Reorganisation; and (c) the Whitewash Waiver;
- (ii) the passing by the Independent Shareholders at the SGM of special resolution(s) to approve (a) the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder; (b) the Capital Reorganisation; and (c) the Whitewash Waiver by no later than the Prospectus Posting Date;
- (iii) the Capital Reorganisation having become effective;
- (iv) the Executive granting the Whitewash Waiver and the satisfaction of any condition(s) attached to the Whitewash Waiver granted;
- (v) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of the

Prospectus Documents (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong not later than the Prospectus Posting Date;

- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (vii) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms by no later than the first day of their dealings;
- (viii) the compliance by the Company with its obligations in connection with the making of the Rights Issue and allotment and offer of the Rights Shares by the times as specified under the Underwriting Agreement;
- (ix) (a) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than three trading days (other than pending publications of announcements in respect of the Rights Issue); and (b) no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto);
- (x) in respect of warranties and undertakings contained in the Underwriting Agreement, (a) no material breach having come to the knowledge of the Underwriters; and (b) a matter not having arisen which would reasonably be expected to give rise to a material breach or a material claim by the Latest Time for Termination; and
- (xi) the compliance with and performance of all undertakings and obligations under the Irrevocable Undertaking by Always Profit in favour of the Company and the Underwriters.

Save for condition (x) which may be waived by the Underwriters, none of the above conditions precedent is capable of being waived.

If any of the conditions precedent are not satisfied (or waived by the Underwriters as the case maybe) by the Latest Time for Termination, the Underwriting Agreement shall terminate and no party shall have any claim against any other party (save for any antecedent breaches and claims hereof).

## **Termination of the Underwriting Agreement**

The Underwriters shall be entitled, by a notice in writing to the Company served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination, in the reasonable opinion of the Underwriters having consulted with the Company, the success of the Rights Issue would be materially and adversely affected by:

- (i) any material breach of any warranties or undertakings contained in the Underwriting Agreement coming to the knowledge of the Underwriters, or a material breach on the part of the Company of any other provision of the Underwriting Agreement or any matter which has arisen and would reasonably be expected to give rise to such a material breach or material claim in respect of the warranties or undertakings contained in the Underwriting Agreement; or
- (ii) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue after the signing of the Underwriting Agreement; or
- (iii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iv) any adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position or prospects of the Group as a whole which is material in the contexts of the Rights Issue; or
- (v) any event or circumstances in the nature of force majeure including but without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, terrorism or strike occurred after the signing of the Underwriting Agreement in or affecting Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (vi) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which is or might be material to the Group as a whole; or

- (vii) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (viii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group); or
- (ix) any statement contained in the Prospectus has become and been discovered to be untrue, incorrect, incomplete or misleading in any material aspect, or matters have arisen or have been discovered which would, if the Prospectus were to be issued at the time, constitute a material omissions therefrom.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriters, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine.

**If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriters.**



## FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund raising activity involving issue of equity securities during the 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds as at the date of this announcement</b>
20 January 2021	Placing of the then existing Shares held by Always Profit at a placing price of HK\$0.465 per Share and top-up subscription of new Shares under general mandate by Always Profit at a subscription price of HK\$0.465 per Share (the “ <b>January Placing</b> ”)	Approximately HK\$71.11 million	Repayment of the outstanding loans due to a related company of the Company and Always Profit	<p>(i) as to approximately HK\$41.07 million for repayment of the outstanding loans due to Chong Kin Group Holdings Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 1609) and a related company of the Company of which Mr. Zhang is the Chairman, an executive director and a controlling shareholder as at the date of this announcement) which were repayable on demand; and</p> <p>(ii) as to approximately HK\$30.04 million for repayment of outstanding bank loans which were due by the end of February 2021.</p>

Save as disclosed above, the Company has not conducted other fund raising activity involving issue of equity securities during the 12 months immediately preceding the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**

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.

Trading in the Shares were suspended from 1 February 2019 to 4 December 2020. At the material time of the suspension of trading, the Group had been primarily focused on its garment business and the property business. The Group also commenced the marketing and promotional services business to generate new source of revenue. Due to the limited financial resources of the Group prior to the resumption of trading in the Shares on 7 December 2020, the Group's operations had been supported by, among other things, the financial resources from Always Profit. The unaudited amount due from the Group to Always Profit (i.e. the Shareholder's Loan) amounted to approximately HK\$156.8 million as at 7 April 2021 (being the latest practicable date for inclusion of such information in this announcement).

As mentioned in the announcement of the Company in respect of the resumption of trading in the Shares dated 4 December 2020, Always Profit intended to capitalise the loans already granted to the Group and contemplated to propose to the Shareholders a pre-emptive issue of new Shares. The pre-emptive issue was intended to provide the existing Shareholders an opportunity to minimise the dilution of their shareholding and participate in the future growth of the Company if they so wish, and would be fully underwritten by the controlling shareholder of the Company and at an issue price to raise sufficient funds to settle the aforesaid Shareholder's Loan in full. The Company now proposes the Rights Issue on the basis of three Rights Shares for every one Adjusted Share to raise approximately HK\$200.8 million to fully repay the Shareholder's Loan and for repayment of bank loans and general working capital purpose. The Rights Issue will be underwritten by Always Profit, the controlling shareholder of the Company, to the extent possible while maintaining sufficient public float for the Shares under the Listing Rules in the event that no Qualifying Shareholder takes up the Rights Shares. GLAM Capital, the other Underwriter, will take up or procure the subscription of any remaining Untaken Rights Shares if necessary.

The Board considers that the Rights Issue is the most suitable channel for the Company to raise funds to strengthen the Group's financial position by relieving the financial burden and provide sufficient working capital to the Group for its daily operation and business development. The estimated net proceeds from the Rights Issue will be approximately HK\$197.8 million, of which (i) approximately HK\$156.8 million is intended to be used for repayment of the Shareholder's Loan of approximately HK\$156.8 million as at 7 April 2021 to relieve the financial burden of the Company; and (ii) the remaining amount of approximately HK\$41.0 million for repayment of bank loans and general working capital of the Group.

In view of the above, the Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## **EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reorganisation becoming effective but before completion of the Rights Issue; and (iii) immediately following completion of the Rights Issue in different scenarios, in each case assuming no further issue or repurchase of Shares up to completion of the Rights Issue save for the Rights Shares. The scenarios assume:

- (a) full acceptance of the Rights Shares by all Qualifying Shareholders;
- (b) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than Always Profit which has provided the Irrevocable Undertaking) and 100% of the Unsubscribed Rights Shares are placed to the Placees under the Compensatory Arrangements;
- (c) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than Always Profit which has provided the Irrevocable Undertaking) and 100% of the Untaken Rights Shares are taken up by the Underwriters; and
- (d) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than Always Profit which has provided the Irrevocable Undertaking, and Wenxi Investment) and 100% of the Untaken Rights Shares are taken up by the Underwriters. Pursuant to a sale and purchase agreement dated 18 January 2021 (the “**Acquisition Agreement**”) entered into between the Company as purchaser and Wenxi Investment as vendor, 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 (the “**Acquisition**”). The consideration for the Acquisition shall be settled as to HK\$9.84 million by the issue and allotment of 25,826,771 Existing Shares at an issue price of HK\$0.381 per Existing Share, and subject to the fulfilment of certain conditions in relation to the future financial performance of GBR (HK) Limited, as to a maximum of HK\$6.56 million by the issue and allotment of a total of up to 17,217,846 Existing Shares in two equal tranches at an issue price of HK\$0.381 per Existing Share. For details, please refer to the circular of the Company dated 8 February 2021. Completion of the Acquisition took place on 5 March 2021 and 25,826,771 Existing Shares have been issued and allotted on such completion date. This scenario also assumes that the aforesaid conditions are fulfilled and a total of 17,217,846 new Existing Shares (equivalent to 3,443,568 Adjusted Shares) will be issued by the Company under the terms of the Acquisition Agreement.

(iii)

	(i)		(ii)		(a)		(b)		(c)		(d)	
	No. of Existing Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%
Always Profit (Note 1)	403,602,493	42.2	80,720,498	42.2	322,881,992	42.2	322,881,992	42.2	552,265,354	72.2	552,265,354	71.9
<b>Always Profit and parties acting in concert with it</b>	<b>403,602,493</b>	<b>42.2</b>	<b>80,720,498</b>	<b>42.2</b>	<b>322,881,992</b>	<b>42.2</b>	<b>322,881,992</b>	<b>42.2</b>	<b>552,265,354</b>	<b>72.2</b>	<b>552,265,354</b>	<b>71.9</b>
Wenxi Investment (Note 2)	25,826,771	2.7	5,165,354	2.7	20,661,416	2.7	5,165,354	0.7	5,165,354	0.7	24,104,984	3.1
<b>Always Profit and parties acting or presumed acting in concert with it</b>	<b>429,429,264</b>	<b>44.9</b>	<b>85,885,852</b>	<b>44.9</b>	<b>343,543,408</b>	<b>44.9</b>	<b>328,047,346</b>	<b>42.9</b>	<b>557,430,708</b>	<b>72.9</b>	<b>576,370,338</b>	<b>75.0</b>
Subscribers procured by GLAM Capital and/or its sub-underwriters	—	—	—	—	—	—	—	—	102,242,806	13.4	86,746,744	11.3
Places	—	—	—	—	—	—	331,626,168	43.3	—	—	—	—
Other public Shareholders	526,883,507	55.1	105,376,702	55.1	421,506,808	55.1	105,376,702	13.8	105,376,702	13.8	105,376,702	13.7
<b>Total</b>	<b>956,312,771</b>	<b>100.0</b>	<b>191,262,554</b>	<b>100.0</b>	<b>765,050,216</b>	<b>100.0</b>	<b>765,050,216</b>	<b>100.0</b>	<b>765,050,216</b>	<b>100.0</b>	<b>768,493,784</b>	<b>100.0</b>

Notes:

1. Always Profit is wholly owned by Mr. Zhang who is the Chairman and an executive Director.
2. Wenxi Investment is wholly owned by Mr. Tian, who is an executive Director, and is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code. This class (6) presumption will cease to apply after completion of the Rights Issue.
3. Certain figures and percentage included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation, the Change in Board Lot Size and the Rights Issue is set out below.

<b>Event</b>	<b>Date (Hong Kong time)</b>
Expected despatch date of the Circular, proxy form and the notice of the SGM	Monday, 10 May 2021
Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Wednesday, 26 May 2021
Closure of register of members of the Company for the SGM (both days inclusive)	Thursday, 27 May 2021 to Wednesday, 2 June 2021
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Monday, 31 May 2021
Record date for attendance and voting at the SGM	Wednesday, 2 June 2021
Expected time and date of the SGM	10:00 a.m. on Wednesday, 2 June 2021
Announcement of the poll results of the SGM	Wednesday, 2 June 2021
Effective date of the Capital Reorganisation	9:00 a.m. on Friday, 4 June 2021
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Friday, 4 June 2021
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates in green colour) temporarily closes	9:00 a.m. on Friday, 4 June 2021
Temporary counter for trading in board lots of 400 Adjusted Shares (in the form of existing share certificates in green colour) opens	9:00 a.m. on Friday, 4 June 2021
First day of free exchange of existing share certificates for the Existing Shares in green colour for new share certificates in red colour for the Adjusted Shares	Friday, 4 June 2021

Last day of dealings in the Adjusted Shares on cum-rights basis relating to the Rights Issue	Thursday, 10 June 2021
First day of dealings in the Adjusted Shares on ex-rights basis relating to the Rights Issue	Friday, 11 June 2021
Latest time for the Shareholders to lodge transfer of the Adjusted Shares in order to qualify for the Rights Issue	4:30 p.m. on Tuesday, 15 June 2021
Closure of register of members of the Company for the Rights Issue (both days inclusive)	Wednesday, 16 June 2021 to Thursday, 17 June 2021
Record date for the Rights Issue	Thursday, 17 June 2021
Despatch of the Prospectus Documents	Friday, 18 June 2021
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Monday, 21 June 2021
Original counter for trading in the Adjusted Shares in board lots of 6,000 Adjusted Shares (in the form of new share certificates in red colour) re-opens	9:00 a.m. on Monday, 21 June 2021
Parallel trading in the Adjusted Shares (in the form of both existing share certificates in green colour in board lots of 400 Adjusted Shares and new share certificates in red colour in board lots of 6,000 Adjusted Shares) commences	9:00 a.m. on Monday, 21 June 2021
First day of dealings in nil-paid Rights Shares	Tuesday, 22 June 2021
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Thursday, 24 June 2021
Last day of dealings in nil-paid Rights Shares	Tuesday, 29 June 2021
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Monday, 5 July 2021
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 5 July 2021

Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Wednesday, 7 July 2021
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Thursday, 8 July 2021
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	Monday, 12 July 2021
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Monday, 12 July 2021
Designated broker ceases to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Monday, 12 July 2021
Temporary counter for trading in board lots of 400 Adjusted Shares (in the form of existing share certificates in green colour) closes	4:10 p.m. on Monday, 12 July 2021
Parallel trading in Adjusted Shares (represented by both existing share certificates in green colour in board lots of 400 Adjusted Shares and new share certificates in red colour in board lots of 6,000 Adjusted Shares) ends	4:10 p.m. on Monday, 12 July 2021
Last day for free exchange of existing share certificates for Existing Shares in green colour for new share certificates in red colour for the Adjusted Shares	Wednesday, 14 July 2021
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Friday, 16 July 2021
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place	Monday, 19 July 2021
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	Monday, 19 July 2021

Commencement of dealings in fully-paid Rights  
Shares

9:00 a.m. on  
Tuesday, 20 July 2021

Payment of Net Gain to relevant No Action  
Shareholders and net proceeds from sale of  
nil-paid Rights Shares to the relevant  
Non-Qualifying Shareholders (if any)

Tuesday, 27 July 2021

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Capital Reorganisation, the Change in Board Lot Size and the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

### **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, as the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM at which the controlling shareholders and their associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue. As such, Always Profit, the controlling shareholder of the Company who is interested in 403,602,493 Existing Shares as at the date of this announcement (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the entire issued share capital of the Company, and its associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM. Wenxi Investment, which is wholly owned by Mr. Tian, is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code until completion of the Rights Issue. Therefore, Mr. Tian and his associates (including Wenxi Investment) shall also abstain from voting in favour of the abovementioned resolution(s).

Always Profit, being one of the Underwriters, is a controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.



## **TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, Always Profit and parties acting in concert with it are, in aggregate, interested in 403,602,493 Existing Shares (equivalent to 80,720,498 Adjusted Shares after taking into account the effect of the Capital Reorganisation), representing approximately 42.2% of the issued share capital of the Company. Wenxi Investment, which is wholly owned by Mr. Tian who is an executive Director, holds 25,826,771 Existing Shares (equivalent to 5,165,354 Adjusted Shares after taking into account the effect of the Capital Reorganisation) as at the date of this announcement, representing approximately 2.7% of the issued share capital of the Company. Wenxi Investment is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code until completion of the Rights Issue. Having taken into account the aforesaid Existing Shares held by Wenxi Investment, Always Profit and parties acting or presumed to be acting in concert with it are, in aggregate, interested in 429,429,264 Existing Shares (equivalent to 85,885,852 Adjusted Shares after taking into account the effect of the Capital Reorganisation) as at the date of this announcement, representing approximately 44.9% of the issued share capital of the Company. Always Profit has provided the Irrevocable Undertaking to take up and pay for 242,161,494 Rights Shares to be provisionally allotted to it under the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by Always Profit pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, Always Profit, as one of the Underwriters, will be required to take up a maximum of 229,383,362 Rights Shares. In such circumstances and upon completion of the Rights Issue, assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, Always Profit and parties acting in concert with it (excluding the party presumed to be acting in concert with it according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code (i.e. Wenxi Investment)) will, in aggregate, be interested in 552,265,354 Adjusted Shares, representing approximately 72.2% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, Always Profit would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by Always Profit and parties acting in concert with it, unless the Whitewash Waiver is granted. After completion of the Rights Issue, Wenxi Investment will no longer be presumed acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code.

An application will be made by Always Profit to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. Always Profit, its associates and parties acting in concert with it, Mr. Tian and his associates (including Wenxi Investment), and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

As at the date of this announcement, the Company believes that the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular relating to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue does not comply with other applicable rules and regulations.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the SGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver as mentioned above. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

If the Whitewash Waiver is granted and approvals by the Independent Shareholders are obtained as mentioned above, upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the maximum potential holding of voting rights of Always Profit in the Company will exceed 50%. Always Profit may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

## **DEALINGS OF THE SHARES BY ALWAYS PROFIT AND PARTIES ACTING IN CONCERT WITH IT**

As at the date of this announcement, Always Profit and any parties acting in concert with it:

- (i) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for the Shares as set out in the section headed “Effects on shareholding structure of the Company” in this announcement;
- (ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreement, the Underwriting Agreement and/or the Whitewash Waiver;
- (iii) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons, save for the Underwriting Agreement and Irrevocable Undertaking given by Always Profit;
- (v) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, except that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by Always Profit as set out in the sub-section headed “Conditions of the Rights Issue” under the section headed “The Underwriting Agreement” of this announcement; and
- (vi) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement,

- (i) the Company has not paid and will not pay any consideration, compensation or benefit in whatever form to Always Profit and parties acting in concert with it in connection with the Rights Issue and the Underwriting Agreement;
- (ii) apart from the Underwriting Agreement and the Irrevocable Undertaking, there is no other understanding, arrangement or special deal between the Group on the one hand, and Always Profit and parties acting in concert with it on the other hand; and
- (iii) there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) Always Profit and parties acting in concert with it.

During the six-month period preceding the date of this announcement, neither Always Profit nor any parties acting in concert with it has dealt in any relevant securities of the Company, save that:

- (i) pursuant to the placing and subscription agreement dated 20 January 2021 (the “**January Placing Agreement**”) entered into among the Company, Always Profit, and GLAM Capital (as placing agent) in respect of the January Placing, an aggregate of 155,080,000 Shares then held by Always Profit as at the date of the January Placing Agreement were placed by GLAM Capital to six placees at a placing price of HK\$0.465 per Share. Completion of such placing took place on 25 January 2021;

(ii) Always Profit sold certain Shares as disclosed below on the open market during January 2021:

<b>Date</b>	<b>Number of Shares</b>	<b>Price per Share</b>
25 January 2021	22,000,000	HK\$0.66
	30,800,000	HK\$0.67
	<u>4,100,000</u>	HK\$0.68
	<u>56,900,000</u>	
26 January 2021	2,850,000	HK\$0.68
	15,600,000	HK\$0.69
	38,442,000	HK\$0.70
	<u>1,100,000</u>	HK\$0.71
	<u>57,992,000</u>	
27 January 2021	8,400,000	HK\$0.71
	<u>20,148,000</u>	HK\$0.72
	<u>28,548,000</u>	

(iii) pursuant to the January Placing Agreement, an aggregate of 155,080,000 new Shares were subscribed by Always Profit and allotted and issued by the Company to it on 3 February 2021 at a subscription price of HK\$0.465 per Share.

Wenxi Investment, which is wholly owned by Mr. Tian, is presumed to be acting in concert with Always Profit according to class (6) presumption under the definition of “acting in concert” in the Takeovers Code until completion of the Rights Issue. During the six-month period preceding the date of this announcement, Wenxi Investment and Mr. Tian have not dealt in any relevant securities of the Company save for the 25,826,771 Existing Shares issued to it by the Company at an issue price of HK\$0.381 per Existing Share on 5 March 2021 as partial settlement of the consideration for the Acquisition as referred to in scenario (iii)(d) described in the section headed “Effects on the shareholding structure of the Company” in this announcement.

## **SGM**

The register of members of the Company will be closed from Thursday, 27 May 2021 to Wednesday, 2 June 2021 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

In accordance with the Listing Rules and the Takeovers Code, Always Profit, its associates and any parties acting in concert with it, Mr. Tian and his associates (including Wenxi Investment), and Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement or the Whitewash Waiver will be required to abstain from voting on the resolutions to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM. Save as disclosed in this paragraph, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver and is otherwise required to abstain from voting on the resolutions to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

#### **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising Mr. Chow Hiu Tung, Mr. Zhao Hangen and Ms. Yang Yanli, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver, and as to the voting action therefor. Gram Capital has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in these regards.

#### **DESPATCH OF CIRCULAR**

The Circular containing, among other things, (i) further details of the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in the aforesaid regards; (iv) a valuation report on the Group's properties in compliance with Rule 11 of the

Takeovers Code; (v) other information required under the Listing Rules and the Takeovers Code; and (vi) a notice convening the SGM, is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. Having taken into account the estimated time required for the Company to compile the information required for the Circular, the Circular is expected to be despatched on or before Monday, 10 May 2021, which is beyond the aforesaid deadline. An application will be made by the Company to seek the consent from the Executive for the extension of the deadline for the despatch of the Circular.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the SGM and upon the Capital Reorganisation becoming effective, the Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the fulfilment of the conditions contained in the Underwriting Agreement (including the approval by the Independent Shareholders at the SGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver) and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Adjusted Shares are expected to be dealt in on an ex-rights basis from Friday, 11 June 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 22 June 2021 to Tuesday, 29 June 2021. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Existing Shares, the Adjusted Shares**

**or in the nil-paid Rights Shares until all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, the Adjusted Shares or the nil-paid Rights Shares.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Adjusted Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Always Profit”	Always Profit Development Limited, a company incorporated in the BVI with limited liability which is wholly owned by Mr. Zhang, a controlling shareholder of the Company and one of the Underwriters
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“BVI”	British Virgin Islands
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time



“Capital Reduction”	the reduction of the par value of all the then issued Consolidated Shares from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 on each issued Consolidated Share
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction, the Share Subdivision, the Reduction of Share Premium Account and the Credit Transfer, details of which are set out under the section headed “Proposed Capital Reorganisation” in this announcement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Existing Shares to 6,000 Adjusted Shares
“Chairman”	chairman of the Board
“Circular”	the circular to be despatched by the Company to the Shareholders relating to, among other things, the Capital Reorganisation, the Change in Board Lot Size, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver
“Company”	State Energy Group International Assets Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 918)
“Companies Act”	the Companies Act 1981 of Bermuda
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Credit Transfer”	the proposed transfer of the credit arising from the Capital Reduction and the Reduction of Share Premium Account to the contributed surplus account of the Company
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the existing share capital of the Company prior to the Capital Reorganisation having become effective
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“GLAM Capital” or “Placing Agent”	GLAM Capital Limited (港利資本有限公司), a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising in securities) and Type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement and one of the Underwriters pursuant to the Underwriting Agreement
“Gram Capital”	Gram Capital Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Chow Hiu Tung, Mr. Zhao Hangen and Ms. Yang Yanli, which has been established to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver, and as to the voting action therefor
“Independent Shareholder(s)”	the Shareholders other than Always Profit, its associates and parties acting in concert with it, Mr. Tian and his associates (including Wenxi Investment), and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Irrevocable Undertaking”	the irrevocable undertaking given by Always Profit in favour of the Company and the Underwriters as described in the sub-section headed “The Irrevocable Undertaking” under the section headed “Proposed Rights Issue” in this announcement
“Last Trading Day”	Thursday, 8 April 2021, being the last trading day of the Existing Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 5 July 2021, or such other time or date as may be agreed in writing between the Company and the Underwriters, being the latest time for acceptance of and payment for the Rights Shares

“Latest Time for Termination”	4:00 p.m. on Monday, 12 July 2021, or such other time or date as may be agreed between the Company and the Underwriters in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tian”	Mr. Tian Wenxi, an executive Director
“Mr. Zhang”	Mr. Zhang Jinbing, the Chairman, an executive Director and a controlling shareholder of the Company
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs, their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders for the Rights Issue

“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with the connected persons of the Company and the Underwriters, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 331,626,168 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agreement”	the placing agreement dated 8 April 2021 entered into between the Company and the Placing Agent in relation to the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 18 June 2021, or such later date as may be agreed in writing between the Company and the Underwriters, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date

“Record Date”	Thursday, 17 June 2021, or such other date as may be agreed in writing between the Company and the Underwriters, being the record date for determining entitlements of Shareholders to participate in the Rights Issue
“Reduction of Share Premium Account”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company
“Registrar”	Tricor Abacus Limited, the Company’s branch share registrar and transfer office in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of new Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Adjusted Share held at the close of business on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	the new Adjusted Share(s) to be allotted and issued under the Rights Issue
“Settlement Date”	Monday, 12 July 2021, being the fifth Business Day following the Latest Time for Acceptance (or such other time or date as the Underwriters and the Company may agree in writing) as the day for settlement of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Capital Reorganisation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Share(s)”	the share(s) of the Company from time to time

“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$0.50 each
“Share Subdivision”	the proposed sub-division of every unissued Consolidated Share of par value of HK\$0.50 each in the authorised share capital of the Company following the Share Consolidation into fifty (50) Adjusted Shares of par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder’s Loan”	the amount due from the Group to Always Profit
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.35 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter(s)”	Always Profit and GLAM Capital
“Underwriting Agreement”	the underwriting agreement dated 8 April 2021 entered into among the Company and the Underwriters in relation to the Rights Issue
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders
“Untaken Rights Shares”	the Unsubscribed Rights Shares which are not placed by the Placing Agent under the Compensatory Arrangements and the entitlement of the Non-Qualifying Shareholders to the Rights Shares which are not sold
“Wenxi Investment”	Wenxi Investment Management Co., Ltd., a company incorporated in the BVI with limited liability and wholly owned by Mr. Tian

“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of Always Profit to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by Always Profit and parties acting in concert with it as a result of the taking up of the Rights Shares by Always Profit as an underwriter pursuant to the Underwriting Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 April 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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.*