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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in State Energy Group International Assets Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or beneficial owners of the Shares who are residents outside Hong Kong should refer to the important information set out in the section headed "Notices" and the paragraph headed "Rights of Overseas Shareholders" under the section headed "Letter from the Board" in this prospectus.

The securities described herein have not been registered under the US Securities Act or the laws of any state in the USA and may not be offered or sold within the USA, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this prospectus in the USA or to conduct a public offering of securities in the USA. Distribution of this prospectus in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) into whose possession the Prospectus Documents should inform themselves of and observe any such restrictions. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the USA. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

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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)

### PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

Financial Adviser to State Energy Group International Assets Holdings Limited



Underwriters of the Rights Issue

Always Profit Development Limited



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Capitalised terms used on this cover page have the same meanings as defined in this prospectus, unless the context requires otherwise.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 27 July 2021. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 4 August 2021 to Wednesday, 11 August 2021 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 4 August 2021 to Wednesday, 11 August 2021 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to the Company served prior to 4:00 p.m. on Monday, 23 August 2021 to terminate the obligations of the Underwriters thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this prospectus. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

The latest date and time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Monday, 16 August 2021. The procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares are set out on pages 19 to 20 of this prospectus.

2 August 2021

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## NOTICES

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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 and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares were dealt in on an ex-rights basis from Tuesday, 27 July 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 4 August 2021 to Wednesday, 11 August 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the 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 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.

### DISTRIBUTION OF THIS PROSPECTUS AND THE PROSPECTUS DOCUMENTS

Distribution of this prospectus and the other Prospectus Documents in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) into whose possession the Prospectus Documents should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

None of this prospectus and the PAL will be registered under the securities laws of any jurisdiction outside Hong Kong and none of the Rights Shares in nil-paid or fully-paid form, this prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

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## NOTICES

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Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the paragraph headed “Rights of Overseas Shareholders” under the section headed “Letter from the Board” in this prospectus.

For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares, please see the notices below.

### **NOTICE TO INVESTORS IN THE BVI**

No Shares may be offered to any person in the BVI for purchase or subscription except under circumstances that will result in compliance with the rules concerning offering of such securities in the BVI and with the laws of the BVI. Accordingly, the Prospectus Documents do not constitute and shall not be construed as an offer to the public in the BVI to purchase or subscribe for Rights Shares. Rights Shares shall not be received for the account or benefit of any person who is a resident of, or who is domiciled in, the BVI, other than a British Virgin Islands Business Company (as defined under the British Virgin Islands Business Companies Act (as amended)) incorporated in the BVI, nor to a custodian, nominee or trustee of any such person.

### **NOTICE TO INVESTORS IN THE UNITED KINGDOM**

This prospectus is not a prospectus for the purposes of Regulation (EU) 2017/1129, as that regulation forms part of United Kingdom law pursuant to the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) and has not been approved by the Financial Conduct Authority of the United Kingdom (the “**FCA**”) pursuant to sections 85 and 87 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) or by any other regulatory body.

No shares have been, or will be, offered to the public in the United Kingdom pursuant to the Rights Issue prior to the publication of a prospectus in relation to the shares which has been approved by the FCA, except that shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor (as defined under article 2(e) of the UK Prospectus Regulation);
- (b) to fewer than 150 natural or legal persons (other than qualified investors (as defined under article 2(e) of the UK Prospectus Regulation)), subject to obtaining the prior consent of the Underwriter(s) for any such offer; or
- (c) in any other circumstances falling within section 86 of FSMA, provided that no such offer of shares shall require the Company or either of the Underwriter(s) to publish a prospectus pursuant to section 85 of FSMA or supplement a prospectus pursuant to article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares.

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## NOTICES

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In the United Kingdom, this prospectus is only addressed to, and directed at, (a) qualified investors (as defined under article 2(e) of the UK Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**FPO**”) and/or (ii) are high net worth persons falling within article 49(2)(a) to (d) (inclusive) of the FPO and (b) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). Any investment or investment activity to which this prospectus relates is only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire any such investment in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this prospectus or any of its contents.

### NOTICE TO INVESTORS IN THE USA

This prospectus may not be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the USA, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the USA.

The Prospectus Documents do not constitute or form a part of any offer or solicitation of any offer to purchase or subscribe for securities in the USA. The Rights Shares in their nil-paid and fully-paid forms have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the USA and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the USA except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the USA. The Rights Shares in both nil-paid and fully-paid forms, the Prospectus Documents have not been approved or disapproved by the US Securities and Exchange Commission, any state’s securities commission in the USA or any USA regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Shares in either nil-paid or fully-paid form, the Provisional Allotment Letter or the accuracy or adequacy of this prospectus. There will be no public offer or any directed selling efforts of these securities in the USA. The Rights Shares in both nil-paid and fully-paid forms are being offered and sold in offshore transactions in reliance on Regulation S under the US Securities Act. Each purchaser or subscriber of Rights Shares being offered and sold the Rights Shares outside the USA will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares in an offshore transaction meeting the requirements of Regulation S under the US Securities Act. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees limited is subject to any of the above representations and warranties.

Any person purchasing or taking up the Rights Shares in the nil-paid form or subscribing for or accepting the Rights Shares will be required to represent, among others, that such person:

- (i) is not within the USA;
- (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Nil-paid Rights or the Rights Shares;

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## NOTICES

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- (iii) is not doing so for the account of any person who is located in the USA, unless
- (a) the instruction to take up was received from a person outside the USA; and
  - (b) the person giving such instruction has confirmed that he/she/it (x) has the authority to give such instruction, (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that he/she/it is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act
- and who is not otherwise a “U.S. Person” within the meaning and meeting the requirements of Regulation S under the US Securities Act; and
- (iv) is not acquiring the Rights Shares in the nil paid form or the Rights Shares with a view to the offer, sale, resale, transfer, deliver or distribute, directly or indirectly, of any such Rights Shares in the nil paid form or Rights Shares into the USA or any other jurisdiction referred to in (ii) above.

None of the Prospectus Documents has been approved or disapproved by the US Securities and Exchange Commission, any state’s securities commission in the USA or any USA regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue, the Prospectus Documents, the Rights Shares either in nil-paid form or fully-paid form or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the USA.

### **FORWARD-LOOKING STATEMENTS**

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

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## NOTICES

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Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“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
“Announcement”	the announcement of the Company dated 8 April 2021 in relation 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
“associate(s)”	has the meaning ascribed thereto 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 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, which became effective on Monday, 26 July 2021



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## DEFINITIONS

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“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 Old Shares to 6,000 Shares
“Chairman”	chairman of the Board
“Circular”	the circular of the Company dated 21 June 2021 in relation 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)
“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
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)

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## DEFINITIONS

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“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
“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 Shareholder(s)”	the Shareholder(s) other than (i) Always Profit, its associates and parties acting in concert with it, (ii) Mr. Tian and his associates (including Wenxi Investment), and (iii) 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 dated 8 April 2021 (as amended and supplemented by the supplemental irrevocable undertaking dated 10 May 2021 and the second supplemental irrevocable undertaking dated 7 July 2021) 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 the “Letter from the Board” in this prospectus
“Last Trading Day”	Thursday, 8 April 2021, being the last trading day of the Old Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	Tuesday, 27 July 2021, being the latest practicable date prior to the publication of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on Monday, 16 August 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

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## DEFINITIONS

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“Latest Time for Termination”	4:00 p.m. on Monday, 23 August 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 meaning ascribed thereto 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 does/do not subscribe for the Rights Shares (whether partially or fully) under the PALs, its/their renounees, or such person(s) who hold(s) 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
“Old Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company as existed immediately prior to the Capital Reorganisation taking effect
“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 Shareholder(s) 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

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## DEFINITIONS

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“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 (as amended and supplemented by the supplemental placing agreement dated 10 May 2021 and the second supplemental placing agreement dated 7 July 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 prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	this prospectus in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Monday, 2 August 2021, 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(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 30 July 2021, 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 by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of three (3) Rights Shares for every one (1) 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 Share(s) to be allotted and issued under the Rights Issue

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## DEFINITIONS

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“Settlement Date”	Monday, 23 August 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 convened and held on Tuesday, 13 July 2021 at which, among other things, the Capital Reorganisation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver were approved by the Shareholders or the Independent Shareholders (as the case may be)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Share Consolidation”	the consolidation of every five (5) issued and unissued Old Shares of HK\$0.10 each into one (1) Consolidated Share of HK\$0.50 each
“Share Subdivision”	the 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) Shares of par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Old Share(s) and/or the Shares (as the case may be)
“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

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## DEFINITIONS

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“Underwriting Agreement”	the underwriting agreement dated 8 April 2021 (as amended and supplemented by the supplemental underwriting agreement dated 10 May 2021 and the second supplemental underwriting agreement dated 7 July 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
“USA”	United States of America
“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 conditionally granted by the Executive on 12 July 2021 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.

*If there is any inconsistency in this prospectus between the Chinese and English versions, the English version shall prevail.*

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## EXPECTED TIMETABLE

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Set out below is the expected timetable for the Rights Issue. All times and dates stated in this prospectus refer to Hong Kong local times and dates. The expected timetable below is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable:

<b>Event</b>	<b>Date</b>
Despatch of the Prospectus Documents	Monday, 2 August 2021
First day of dealings in nil-paid Rights Shares	Wednesday, 4 August 2021
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 6 August 2021
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Monday, 9 August 2021
Original counter for trading in board lots of 6,000 Shares (in the form of new share certificates in red colour) re-opens	9:00 a.m. on Monday, 9 August 2021
Parallel trading in the Shares (in the form of both existing share certificates in green colour in board lots of 400 Shares and new share certificates in red colour in board lots of 6,000 Shares) commences	9:00 a.m. on Monday, 9 August 2021
Last day of dealings in nil-paid Rights Shares	Wednesday, 11 August 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, 16 August 2021
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 16 August 2021
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Wednesday, 18 August 2021
Commencement of placing of the Unsubscribed Rights Shares by the Placing Agent	Thursday, 19 August 2021
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Monday, 23 August 2021
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	Monday, 23 August 2021

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## EXPECTED TIMETABLE

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Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Friday, 27 August 2021
Designated broker ceases to provide matching services for odd lots of the Shares	4:00 p.m. on Friday, 27 August 2021
Temporary counter for trading in board lots of 400 Shares (in the form of existing share certificates in green colour) closes	4:10 p.m. on Friday, 27 August 2021
Parallel trading in the Shares (represented by both existing share certificates in green colour in board lots of 400 Shares and new share certificates in red colour in board lots of 6,000 Shares) ends	4:10 p.m. on Friday, 27 August 2021
Despatch of share certificates for fully-paid Rights Shares and completion of the Placing to take place	Monday, 30 August 2021
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	Monday, 30 August 2021
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 31 August 2021
Last day for free exchange of existing share certificates in green colour for new share certificates in red colour for the Shares	Tuesday, 31 August 2021
Payment of Net Gain to relevant No Action Shareholders and net proceeds from sale of nil-paid Rights Shares to the Non-Qualifying Shareholder (if any)	Tuesday, 7 September 2021



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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION**

The Latest Time for Acceptance and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons which is announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance and payment for the Rights Shares are postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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Pursuant to the Underwriting Agreement, the Underwriters shall be entitled, by 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) after the signing of the Underwriting Agreement 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; 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 context 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

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (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.

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.**

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhang Jinbing (*Chairman*)  
Mr. Tian Wenxi  
Mr. Wu Tingjun

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. Chow Hiu Tung  
Ms. Yang Yanli  
Mr. Zhao Hangen

*Principal place of  
business in Hong Kong:*

Unit 13, 5/F, Tower 1  
Harbour Centre  
1 Hok Cheung Street  
Hung Hom  
Hong Kong

2 August 2021

*To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholder*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE (3) RIGHTS SHARES  
FOR EVERY ONE (1) SHARE  
HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the Announcement, the Circular and the announcement of the Company dated 7 July 2021 in relation 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.

On 8 April 2021, the Company proposed, among other things, to raise approximately HK\$200.8 million before expenses by the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.35 per Rights Share.

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## LETTER FROM THE BOARD

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The Rights Issue is subject to the fulfilment of certain conditions as set out in the paragraph headed “Conditions of the Rights Issue” in the section headed “The Underwriting Agreement” in this letter.

At the SGM, the necessary resolutions for approving, among other things, (i) the Capital Reorganisation was duly passed by the Shareholders; and (ii) the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder were duly passed by the Independent Shareholders. The Capital Reorganisation became effective on Monday, 26 July 2021.

Pursuant to the Underwriting Agreement, the Untaken Rights Shares will be fully underwritten by the Underwriters on the terms and subject to the conditions set out therein.

The purpose of this prospectus is to provide you with further details of the Rights Issue, including (i) information on dealings in, transfer and acceptance of the Rights Shares; and (ii) financial and other information in respect of the Group.

### RIGHTS ISSUE

#### Rights Issue Statistics

Details of the Rights Issue are set out as follows:

Basis of the Rights Issue	: Three (3) Rights Shares for every one (1) 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 costs and expenses incurred in the Rights Issue)	: Approximately HK\$0.34 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	: 191,262,554 Shares
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

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## LETTER FROM THE BOARD

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Total number of Shares in issue upon completion of the Rights Issue	:	765,050,216 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 Latest Practicable Date, 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 Shares as at the Latest Practicable Date; and (ii) approximately 75.0% of the total number of issued 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 Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.09 per Old 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 Share (after taking into account the effect of the Capital Reorganisation) based on the average of the closing prices of the Old 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 Old Share;
- (iii) a discount of approximately 27.3% to the theoretical average closing price of approximately HK\$0.4815 per Share (after taking into account the effect of the Capital Reorganisation) based on the average of the closing prices of the Old 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 Old Share;
- (iv) a discount of approximately 7.4% to the theoretical ex-rights price of approximately HK\$0.378 per Share (after taking into account the effect of the Capital Reorganisation) based on the average of the closing prices of the Old 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 Old Share;

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## LETTER FROM THE BOARD

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- (v) a discount of approximately 1.41% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 42.4% to the net asset value of the Company of approximately HK\$0.608 per Share, which is calculated by dividing the audited consolidated equity attributable to equity holders of the Company of approximately HK\$116,262,000 as at 31 March 2021 as shown in the Company's annual results announcement for the year ended 31 March 2021 published on 9 June 2021 by 191,262,554 Shares as at the Latest Practicable Date.

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 Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of HK\$0.469 per 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 the Announcement of HK\$0.09 per Old Share and the average of the closing prices of the Old Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the date of the Announcement of HK\$0.0938 per Old 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 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 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 Old Shares under the then prevailing market conditions prior to the date of the Underwriting Agreement; (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 letter, the Directors 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 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.

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## LETTER FROM THE BOARD

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### 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.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

### Provisional allotments

The basis of the provisional allotments shall be three (3) Rights Shares (in nil-paid form) for every one (1) 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

The Prospectus Documents are not intended to 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.

Based on the register of members of the Company as at the Latest Practicable Date, there were four Overseas Shareholders with registered addresses situated in the BVI, the United Kingdom and the USA with details as follows:

<b>Jurisdictions of the registered address of the Overseas Shareholder(s)</b>	<b>Number of Overseas Shareholder</b>	<b>Number of Shares held</b>
The BVI ( <i>Note</i> )	2	36,181,354
The United Kingdom	1	400
The USA	1	1,600
Total	<u>4</u>	<u>36,183,354</u>



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## LETTER FROM THE BOARD

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*Note:* Based on the register of members as at the Latest Practicable Date, Always Profit and Wenxi Investment held 31,016,000 Shares and 5,165,354 Shares as at the Latest Practicable Date respectively.

The total shareholding of the Overseas Shareholders represents approximately 18.9% of total issued Shares as at the Latest Practicable Date.

Having made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders with registered addresses (as shown in the register of members of the Company) in the jurisdictions set out above in compliance with Rule 13.36(2)(a) of the Listing Rules and taken into account the legal advice provided by the respective legal advisers of the BVI, the United Kingdom, and the USA engaged by the Company as at the Latest Practicable Date, the Directors are of the view that the relevant overseas legal restrictions and requirements of the relevant regulatory body or Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered addresses in the BVI and the United Kingdom from the Rights Issue, and the Rights Issue will be offered to the Overseas Shareholders in those jurisdictions.

The Directors are of the view that it is expedient not to extend the Rights Issue to the Overseas Shareholder with registered address (as shown in the register of members of the Company) in the USA given the expenses and effort which may be incurred or involved in compliance with the relevant regulatory requirements in the USA, and such Overseas Shareholder shall be a Non-Qualifying Shareholder.

The Company has sent the Prospectus to the Non-Qualifying Shareholder for information only and did not send any PAL to him/her/it.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder to be sold in his/her/its nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses)

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## LETTER FROM THE BOARD

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can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid to the relevant Non-Qualifying Shareholder. 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 Shareholder 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/do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

**The Company reserves the right to permit any Overseas Shareholder to take up Rights Shares if the Board, based on the legal advice from 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.**

### **Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares**

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Monday, 16 August 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **Tricor Trust (Hong Kong) Limited — A/C No. 020** and crossed "**Account Payee Only**".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Share Registrar by no later than 4:00 p.m. on Monday, 16 August 2021, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Friday, 6 August 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for

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## LETTER FROM THE BOARD

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collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of the rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person that the cheque or/ the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

If the Underwriters exercise the right to terminate the Underwriting Agreement or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "The Underwriting Agreement" in this letter is not fulfilled by the Latest Time for Acceptance, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Monday, 30 August 2021.

### **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, 30 August 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.

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## LETTER FROM THE BOARD

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If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on Monday, 30 August 2021 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

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

On the basis of the provisional allotment of three (3) Rights Shares for every one (1) 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 Latest Practicable Date, Always Profit, a company wholly owned by Mr. Zhang, is interested in 80,720,498 Shares, representing approximately 42.2% of the entire issued share capital of the Company as at the Latest Practicable Date.

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 has applied to the Listing Committee of the Stock Exchange for the listing of, and 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. The nil-paid Rights Shares shall have the same board lot size as the fully-paid Rights Shares, i.e. 6,000 Shares in one board lot.

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.

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## LETTER FROM THE BOARD

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### Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholder as regards his/her/its receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to him/her/it under the Rights Issue under the laws of jurisdictions in which he/she/it is liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### 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 80,720,498 Shares, representing approximately 42.2% of the entire issued share capital of the Company as at the Latest Practicable Date, the Company will make arrangements as described below in compliance with 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. 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 placees on a best effort basis, pursuant to the terms of the Placing Agreement as described below. 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 no later than 5:00 p.m. on Monday, 23 August 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.

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## LETTER FROM THE BOARD

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### THE PLACING AGREEMENT

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 (as amended and supplemented by the supplemental placing agreements dated 10 May 2021 and 7 July 2021)
- 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 placing 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 the 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 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, 30 August 2021 or such other date as the Company and the Placing Agent may agree in writing.

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## LETTER FROM THE BOARD

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- 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 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 material 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

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## LETTER FROM THE BOARD

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- (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.



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## LETTER FROM THE BOARD

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### 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 (as amended and supplemented by the supplemental underwriting agreements dated 10 May 2021 and 7 July 2021)

Underwriters : (i) Always Profit, an investment holding company incorporated in the BVI with limited liability and a controlling shareholder of the Company interested in 80,720,498 Shares as at the Latest Practicable Date, 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. Mr Zhang is also the sole director of Always Profit. The principal members of the concert group of Always Profit are Always Profit and Mr. Zhang. 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.

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. GLAM Capital has confirmed that (a) it, its associates and parties acting concert with it do not hold any Shares as at the Latest Practicable Date; and (b) 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.

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## LETTER FROM THE BOARD

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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 entitlement of the Non-Qualifying Shareholder 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 necessary steps 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 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.

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## LETTER FROM THE BOARD

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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 all the requisite 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;

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## LETTER FROM THE BOARD

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- (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 may be) 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 thereof).

As at the Latest Practicable Date, the above conditions (i), (ii), (iii) and (iv) have been fulfilled.

In respect of conditions precedent (ii), the relevant resolutions in relation to the Capital Reorganisation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver were duly passed 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 were required to abstain, and had abstained, 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 was involved or interested in or had a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver and was 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.

### **Termination of the Underwriting Agreement**

The Underwriters shall be entitled, by 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

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## LETTER FROM THE BOARD

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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) after the signing of the Underwriting Agreement 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; 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 material 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 context 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 omission therefrom.

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## LETTER FROM THE BOARD

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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 period commencing 12 months immediately preceding the date of the Announcement and up to the Latest Practicable Date:

<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 Latest Practicable Date</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	(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 Latest Practicable Date) which were repayable on demand; and  (ii) as to approximately HK\$30.04 million for repayment of outstanding bank loans which were due by the end of February 2021.

Save as disclosed above and the Rights Issue, the Company has not conducted other fund raising activity involving issue of equity securities during the period commencing 12 months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### 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 was 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 (i.e. the Shareholder's Loan). The unaudited balance of the Shareholder's Loan of the Group amounted to approximately HK\$160.5 million as at the Latest Practicable Date.

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 of the Company. 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 Share to raise approximately HK\$200.8 million to fully repay the Shareholder's Loan and for repayment of bank borrowings 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. Upon completion of the Rights Issue, it is the intention of Always Profit to continue the existing businesses of the Group. Always Profit has no intention to introduce any major changes to the businesses of the Group (including any redeployment of the fixed assets of the Group) or terminate the continued employment of the employees of the Group.

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\$160.5 million is intended to be used for repayment of the Shareholder's Loan of approximately HK\$160.5 million as at the Latest Practicable Date to relieve the financial burden of the Company; and (ii) the remaining amount of approximately HK\$37.3 million is intended to be applied for repayment of bank borrowings and general working capital of the Group. As at 30 June 2021, the unaudited bank borrowings of the Group (in the form of bills payable) amounted to approximately HK\$19.4 million.

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.

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## LETTER FROM THE BOARD

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### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) 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 Places 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 Old Shares at an issue price of HK\$0.381 per Old 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 Old Shares in two equal tranches at an issue price of HK\$0.381 per Old 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 Old Shares have been issued and allotted on such completion date. This scenario also assumes that the aforesaid conditions are fulfilled and a total of 3,443,568 new Shares (equivalent to 17,217,846 Old Shares) will be issued by the Company under the terms of the Acquisition Agreement after the Record Date.



**LETTER FROM THE BOARD**

		(ii)								
(i)		(a)		(b)		(c)		(d)		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	
Always Profit (Note 1)	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>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)	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>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
Placees	—	—	—	—	331,626,168	43.4	—	—	—	—
Other public Shareholders	105,376,702	55.1	421,506,808	55.1	105,376,702	13.7	105,376,702	13.7	105,376,702	13.7
<b>Total</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.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the relevant extracts of the independent auditor's reports regarding the Group's consolidated financial statements for the financial years ended 31 March 2019, 2020 and 2021 as contained in the relevant annual reports of the Company, which are set out on pages I-4 to I-5 of this prospectus. As disclosed in the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021, the auditors of the Company for each of the three financial years ended 31 March 2019, 2020 and 2021 set out in their respective independent auditor's reports that the consolidated financial statements of the Group indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The opinion of the auditors in respect of each of the three financial years ended 31 March 2019, 2020 and 2021 was not modified in respect of this matter.

Your attention is also drawn to the additional information contained in the appendices to this prospectus.

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE 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 and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Termination of the Underwriting Agreement" of this prospectus). Accordingly, the Rights Issue may or may not proceed.**

**The Shares were dealt in on an ex-rights basis from Tuesday, 27 July 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 4 August 2021 to Wednesday, 11 August 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the 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 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.**

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**LETTER FROM THE BOARD**

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**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Your faithfully,  
For and on behalf of the Board  
**State Energy Group International Assets Holdings Limited**  
**Zhang Jinbing**  
*Chairman*

**1. FINANCIAL INFORMATION SUMMARY OF THE GROUP**

Details of the audited consolidated financial information of the Group for the years ended 31 March 2019, 2020 and 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.seiah.com](http://www.seiah.com)):

- (i) the audited financial information of the Group for the year ended 31 March 2021 is disclosed in the annual report of the Company for the year ended 31 March 2021 published on 26 July 2021, from pages 51 to 161 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0726/2021072600621.pdf>);
- (ii) the audited financial information of the Group for the year ended 31 March 2020 is disclosed in the annual report of the Company for the year ended 31 March 2020 published on 17 July 2020, from pages 48 to 148 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0717/2020071700480.pdf>); and
- (iii) the audited financial information of the Group for the year ended 31 March 2019 is disclosed in the annual report of the Company for the year ended 31 March 2019 published on 24 July 2019, from pages 43 to 124 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltn20190724381.pdf>).

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2019, 2020 and 2021.

	<b>For the year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	276,890	210,179	96,434
Cost of sales	<u>(230,439)</u>	<u>(173,997)</u>	<u>(81,459)</u>
Gross profit	46,451	36,182	14,975
Other net gain/(loss)	646	701	(697)
Other income	3,473	1,331	434
Selling and distribution expenses	(5,784)	(4,909)	(3,023)
Administrative expenses	(19,944)	(18,126)	(32,961)
Impairment losses under expected credit loss model, net of reversal	(2,886)	(252)	(401)
Impairment loss on property, plant and equipment	(409)	—	—
Impairment loss on right-of-use assets	(1,618)	—	—
Fair value (loss)/gain on investment properties	(3,314)	4,673	105
Fair value loss on contingent consideration payable	(383)	—	—
Finance costs	<u>(2,838)</u>	<u>(7,336)</u>	<u>(7,778)</u>
Profit/(loss) before taxation	13,394	12,264	(29,346)
Taxation	<u>(3,144)</u>	<u>(1,339)</u>	<u>(725)</u>
Profit/(loss) for the year	<u><u>10,250</u></u>	<u><u>10,925</u></u>	<u><u>(30,071)</u></u>
<b>Other comprehensive income/(expense) for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations	591	(91)	(1,328)
Release of translation reserve upon disposal of foreign operations	—	(393)	1,011
<i>Items that will not be reclassified to profit or loss:</i>			
Gain/(loss) on revaluation of land and building held for own use	<u>1,303</u>	<u>(1,785)</u>	<u>—</u>
Total comprehensive income/(expense) for the year	<u><u>12,144</u></u>	<u><u>8,656</u></u>	<u><u>(30,388)</u></u>

	<b>For the year ended 31 March</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company	7,614	9,376	(28,249)
Non-controlling interests	<u>2,636</u>	<u>1,549</u>	<u>(1,822)</u>
	<u>10,250</u>	<u>10,925</u>	<u>(30,071)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company	9,234	7,144	(28,004)
Non-controlling interests	<u>2,910</u>	<u>1,512</u>	<u>(2,384)</u>
	<u>12,144</u>	<u>8,656</u>	<u>(30,388)</u>
Earnings/(loss) per Share			
Basic (HK cents)	<u>0.95</u>	<u>1.21</u>	<u>(3.64)</u>
Diluted (HK cents)	<u>0.95</u>	<u>1.21</u>	<u>(3.64)</u>
Dividend per Share	<u>—</u>	<u>—</u>	<u>—</u>

The management discussion and analysis of the Company for each of the financial years ended 31 March 2019, 2020 and 2021 are disclosed in the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021, respectively.

As disclosed in the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021, the auditors of the Company for each of the three financial years ended 31 March 2019, 2020 and 2021 set out in their respective independent auditor's reports that the consolidated financial statements of the Group indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The opinion of the auditors in respect of each of the three financial years ended 31 March 2019, 2020 and 2021 were not modified in respect of this matter.

Relevant extracts of the independent auditor's reports for the financial years ended 31 March 2019, 2020 and 2021 as disclosed in the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021 are reproduced below:

**For the financial year ended 31 March 2019**

***“MATERIAL UNCERTAINTY RELATED TO GOING CONCERN***

*We draw attention to note 2.1 to the financial statements which indicates that the Group incurred a net loss of approximately HK\$30,071,000 for the year ended 31 March 2019 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$124,051,000. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”*

**For the financial year ended 31 March 2020**

***“MATERIAL UNCERTAINTY RELATED TO GOING CONCERN***

*We draw attention to note 2.1 to the financial statements which indicates that the Group had net operating cash outflow of approximately HK\$15,193,000 for the year ended 31 March 2020 and the Group had current liabilities exceeded its current assets by approximately HK\$124,519,000 as at 31 March 2020. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”*

**For the financial year ended 31 March 2021**

***“MATERIAL UNCERTAINTY RELATED TO GOING CONCERN***

*We draw attention to note 3 to the financial statements which indicates that the Group had net operating cash outflow of approximately HK\$17,625,000 for the year ended 31 March 2021 and the Group had current liabilities exceeded its current assets by approximately*

*HK\$35,041,000 as at 31 March 2021. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."*

Save as disclosed above, no modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the independent auditor's reports of the Company for each of the financial years ended 31 March 2019, 2020 and 2021.

## **2. STATEMENT OF INDEBTEDNESS**

### **Amount due to a Shareholder**

As at 30 June 2021, the Group had amounts due to a Shareholder of approximately HK\$160,485,000.

### **Lease liabilities**

As at 30 June 2021, the Group had lease liabilities of approximately HK\$1,889,000.

### **Contingent liabilities**

As at 30 June 2021, neither the Group nor the Company has any significant contingent liabilities.

Save as disclosed above, the Group did not have any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees, debt securities, term loans, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or other material contingent liabilities as at the close of business on 30 June 2021.

## **3. SUFFICIENCY OF WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including internally generated funds, available facilities and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its requirements for at least the next twelve months from the date of this prospectus.

## **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Group were made up.



## 5. BUSINESS TRENDS, FINANCIAL AND TRADING PROSPECT

The Group is principally engaged in garment business involving sourcing, designing, selling and distribution of outwear garments and sportswear products in Hong Kong and the PRC. The products it distributes include branded licensed products bearing the brand names of “ACCAPI”, an Italian brand and “Super X”, a Hong Kong brand respectively. The Group is also engaged in sourcing, sub-contracting and exporting garments to Africa. The sudden outbreak of COVID-19 pandemic in early 2020 has brought unprecedented challenges to the global economy. Business activities were put to a halt or significantly slowed down globally. The Group’s garment business was negatively affected by the dampened consumer sentiments due to lockdowns, travel restrictions and social distancing measures. A complete uplift of the above measures seem impossible in the near term given the subsequent waves of COVID-19 after the initial outbreak. Although measures such as the introduction of vaccines are implemented to combat and control the recurrences, the extent of recovery of the economy and retail market is still subject to uncertainties. In this turbulent environment, the Group will take a prudent approach to its garment business.

The Group has commenced to provide marketing and promotional services to external customers since January 2020 through GBR (HK) Limited, its then 60%-owned subsidiary. During the first year of operation, the Group has achieved satisfactory performance in this business in terms of establishing client base, generating positive financial returns and securing pipeline projects. In view of the development potential and prospects in this business segment, the Company acquired the remaining 40% of the issued share capital of GBR (HK) Limited in March 2021 (details of the acquisition is disclosed in the circular of the Company dated 8 February 2021). Upon completion of such acquisition, GBR (HK) Limited has become a wholly-owned subsidiary of the Group. The Group will continue to enhance its market presence and approach potential customers in other industry sectors through business referrals and its business network. The Group will also continue to strengthen the manpower for the marketing division and to build up its expertise and credentials to serve a wider range of customers.

As regards the Group’s property business, the Group intends to hold the properties for rental income purpose and at the same time monitor the performance of the property markets in Hong Kong and the PRC and consider reorganising its property portfolio should suitable opportunities arise.

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**APPENDIX II    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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**A.    STATEMENT OF UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 March 2021.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 31 March 2021 <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
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Based on 573,787,662

Rights Shares to be  
issued at a Subscription  
Price of HK\$0.35 per  
Rights Share

	<u>116,262</u>	<u>197,800</u>	<u>314,062</u>	<u>0.608</u>	<u>0.411</u>
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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 is extracted from the published annual report of the Company for the year ended 31 March 2021, which is equal to the audited consolidated net assets attributable to owners as at 31 March 2021 of HK\$116,262,000.
2. The estimated net proceeds from the Rights Issue are based on 573,787,662 Rights Shares to be issued at the Subscription Price of HK\$0.35 each per Rights Share, after deduction of the related expenses including, among others, underwriting commission and other professional fees. The estimated net proceeds are approximately HK\$197,800,000.
3. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 March 2021 was HK\$0.608, which was based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 of HK\$116,262,000, divided by 191,262,554 Shares immediately after the Capital Reorganisation having become effective.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 March 2021 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of Rights Issue of approximately HK\$314,062,000, divided by 765,050,216 Shares which represents 191,262,554 Shares immediately after the Capital Reorganisation having become effective and 573,787,662 Rights Shares, assuming the Capital Reorganisation has become effective and the Rights Issue has been completed on 31 March 2021.
5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 March 2021.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus and received from the independent reporting accountants, KTC Partners CPA Limited, Certified Public Accountants, in respect of the Group's unaudited pro forma financial information.*



The Board of Directors  
State Energy Group International Assets Holdings Limited  
Unit 13, 5/F, Tower 1, Harbour Centre,  
1 Hok Cheung Street,  
Hung Hom, Kowloon,  
Hong Kong

Dear Sirs,

**Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of State Energy Group International Assets Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company (the "Director") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 and notes as set out in Appendix II to the prospectus issued by the Company dated 2 August 2021 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Prospectus. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless otherwise specified.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of 573,787,662 shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.35 per Rights Share (the "Rights Issue") on the Group's financial position as at 31 March 2021 as if the Rights Issue had taken place at 31 March 2021. As part of this process, information about the Group's audited consolidated net tangible assets of the Group attributable to the owners of the Company has been extracted by the Directors from the Group's audited consolidated statement of financial position as at 31 March 2021, on which an audited annual report has been published.

Room 617, 6/F., Seapower Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong

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**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 March 2021 would have been as presented.

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**KTC Partners CPA Limited**

*Certified Public Accountants (Practising)*

Chow Yiu Wah, Joseph

Practising Certificate Number: P04686

Hong Kong, 2 August 2021

## 1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus (other than those relating to Always Profit and parties acting in concert with it) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Rights Issue (assuming no further issue or repurchase of Shares on or before the completion of the Rights Issue) will be as follows:

(i) As at the Latest Practicable Date

Authorised share capital:		<i>HK\$</i>
<u>30,000,000,000</u>	Shares of HK\$0.01 each	<u>300,000,000</u>
Issued and paid-up share capital:		
<u>191,262,554</u>	Shares of HK\$0.01 each	<u>1,912,625.54</u>

(ii) Following the completion of the Rights Issue (assuming no other issue or repurchase of Shares up to the completion of the Rights Issue save for the issue of the Rights Shares)

Authorised share capital:		<i>HK\$</i>
<u>30,000,000,000</u>	Shares of HK\$0.01 each	<u>300,000,000</u>
Issued and paid-up share capital:		
191,262,554	Shares of HK\$0.01 each	1,912,625.54
573,787,662	Rights Shares to be issued pursuant to the Rights Issue	5,737,876.62
<u>765,050,216</u>	Shares of HK\$0.01 each immediately following the completion of the Rights Issue	<u>7,650,502.16</u>

All the Shares rank *pari passu* with each other in all respects including the rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the Shares in issue on the date of allotment and issue of the Rights Shares in all respects including rights to dividends, voting and return of capital. Holders of 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 issue of the fully-paid Rights Shares.

The Company has applied to the Stock Exchange for the listing of, and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

The Company had not issued any Shares since 31 March 2021, being the end of the last financial year of the Company, and up to the Latest Practicable Date. As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities in issue which confer any right to subscribe for, convert or exchange into Shares.



### 3. DISCLOSURE OF INTERESTS

#### (i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

#### *Long position in the Shares*

<b>Director</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Mr. Zhang	Interest in controlled corporation (Note 1)	80,720,498	42.2%
Mr. Tian	Interest in controlled corporation (Note 2)	5,165,354	2.7%

#### *Notes:*

- (1) Mr. Zhang is the sole beneficial owner of Always Profit. Mr. Zhang was deemed to be interested in 80,720,498 Shares held by Always Profit pursuant to the SFO.
- (2) Mr. Tian is the sole beneficial owner of Wenxi Investment. Mr. Tian was deemed to be interested in 5,165,354 Shares held by Wenxi Investment pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested in or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have such provisions of the SFO); or (ii) were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(ii) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

*Long position in the Shares*

<b>Name of Shareholders</b>	<b>Capacity/Nature of interests</b>	<b>Number of Shares</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Always Profit	Beneficial owner	80,720,498	42.2%
Mr. Zhang	Interest of controlled corporation (Note)	80,720,498	42.2%

*Note:* Mr. Zhang is the sole beneficial owner of Always Profit. Mr. Zhang was deemed to be interested in 80,720,498 Shares held by Always Profit pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

**4. DIRECTORS' SERVICES CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 March 2021, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Apart from the Underwriting Agreement and the Irrevocable Undertaking, there was no contract or arrangement subsisting as at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

## 7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within two years immediately preceding the date of this prospectus:

- (a) a sale and purchase agreement dated 5 August 2020 (the “**Sale and Purchase Agreement**”) entered into between Takson (B.V.I.) Limited (“**Takson (B.V.I.)**”), a wholly-owned subsidiary of the Company (as vendor), and Ho Sai Chak, an Independent Third Party (as purchaser), in relation to the disposal of one ordinary share of US\$1.00, representing the entire issued share capital of Takson Sportswear Limited, an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$38,960,000;
- (b) a cancellation agreement dated 21 October 2020 entered into between Takson (B.V.I.) and Ho Sai Chak to terminate the Sale and Purchase Agreement;
- (c) a sale and purchase agreement dated 18 January 2021 and entered into between the Company and Wenxi Investment in relation to the acquisition by the Company (or its nominee(s)) of 40 ordinary shares of GBR (HK) Limited, representing 40% of its total issued shares, for a total consideration of HK\$16.4 million which will be satisfied by the issue and allotment of a maximum of 43,044,617 Old Shares;
- (d) a placing and subscription agreement dated 20 January 2021 entered into between the Company, Always Profit as vendor and GLAM Capital as placing agent pursuant to which (a) Always Profit has agreed to appoint GLAM Capital, and GLAM Capital has agreed to act as, placing agent of the Company to use its best effort to procure placees who and whose ultimate beneficial owners shall be Independent Third Party(ies) to subscribe for up to 155,081,000 Old Shares beneficially owned by Always Profit at the price of HK\$0.465 per Old Share; and (b) Always Profit has agreed to subscribe for, and the Company has agreed to allot and issue to Always Profit, up to 155,081,000 new Old Shares at the price of HK\$0.465 per Share on the terms and subject to the conditions set out therein;
- (e) the Placing Agreement; and
- (f) the Underwriting Agreement.

**8. LITIGATION**

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance were known to the Directors to be pending or threatened against any member of the Group.

**9. EXPERT AND CONSENT**

The qualification of the expert who has given opinions, letters or advice contained in this prospectus is set out below:

<b>Name</b>	<b>Qualification</b>
KTC Partners CPA Limited	Certified public accountants

The above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter, advice, report and/or references to its names, in the form and context in which they are respectively included.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**10. EXPENSES**

The expenses payable by the Company in connection with the Rights Issue and the Whitewash Waiver, including printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK\$3.0 million.

## 11. DIRECTORS OF THE COMPANY

Name	Address
<i>Executive Directors</i>	
Mr. Zhang Jinbing ( <i>Chairman</i> )	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong
Mr. Tian Wenxi	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong
Mr. Wu Tingjun	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Chow Hiu Tung	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong
Ms. Yang Yanli	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong
Mr. Zhao Hangen	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong

*Executive Directors***Mr. Zhang**

Mr. Zhang, aged 49, is the Chairman and an executive Director and was appointed as the chairman of the remuneration committee and nomination committee of the Company since October 2018. He is also the controlling shareholder (as defined in the Listing Rules) of the Company. Mr. Zhang graduated with a Bachelor of Arts degree from Guangzhou Foreign Language Institute in 1994. Mr. Zhang has extensive experience in corporate management. He has served as co-chairman of the board of directors and non-executive director of Apollo Future Mobility Group Limited (“**Apollo FMG**”), a company listed on the Stock Exchange (stock code: 860), for the period from 24 November 2017 to 18 March 2021. Prior to that, he was an executive director of Apollo FMG for the period from January 2015 to 23 November 2017 and chairman of Apollo FMG for the period from June 2015 to 23 November 2017. Mr Zhang is also an executive director, chairman of the board and chief executive officer of Chong Kin Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1609), since January 2018. He was an executive director of Synertone Communication Corporation, a company listed on the Stock Exchange (stock code: 1613), for the period from August 2012 to April 2014.

**Mr. Tian**

Mr. Tian, aged 52, joined the Group in December 2019, is an executive Director. Mr. Tian obtained the Doctor of Finance degree from the Murdoch University in Australia and the qualification of economist in the PRC. Mr. Tian has extensive professional knowledge and experience in strategic planning, operation and business management in the marketing, trading and culture and tourism industries in the PRC. Mr. Tian has been working and is holding directorship at 廣州萬燕集團有限公司 (Guangzhou Wanyan Group Co., Ltd.\*) since 2014. He is also holding senior management positions in other companies in the PRC, including but not limited to (i) director and chief executive officer at 廣州萬燕文化傳媒股份有限公司 (Guangzhou Wanyan Culture & Media Co., Ltd\*), a company listed on the National Equities Exchange and Quotations from December 2016 to August 2018, which is principally engaged in market research, advertising, brand strategy promotion, brand effectiveness evaluation, theatrical performance business and film and television business; (ii) executive director at 廣州萬燕商貿有限公司 (Guangzhou Wanyan Trading Co., Ltd.\*), a company principally engaged in wholesale trade and import and export of goods and technology; (iii) executive director at 九江萬燕置業有限公司 (Jiujiang Wanyan Real Estate Co., Ltd.\*), a company principally engaged in tourism project development and management; (iv) executive director at 廣東萬燕網絡科技有限公司 (Guangdong Wanyan Network Technology Co., Ltd.\*); (v) executive director at 廣東萬燕資產管理有限公司 (Guangdong Wanyan Asset Management Co., Ltd.\*); and (vi) executive director at 廣州賽格投資發展有限公司 (Guangzhou Saige Investment Development Co., Ltd\*).

\* for identification purpose only

**Mr. Wu Tingjun (“Mr. Wu”)**

Mr. Wu, aged 51, joined the Group in December 2019, is an executive Director. He obtained a Bachelor Degree in International Trade from Guangdong University of Foreign Studies in the PRC. Mr. Wu has over 25 years of experience in brand management business. He is the founder and CEO of 北京墨蘇科技有限公司 (Beijing Mosu Technology Co., Ltd.\*), which is principally engaged in the distribution of branded apparel in the PRC, Hong Kong and Macau via direct selling through retail stores and online stores and provides top to bottom services to branded apparel owners including but not limited to promotion, distribution and retailing of their products in the PRC, Hong Kong and Macau. Prior to that, Mr. Wu served as the Partner and Vice President of 尚品網 (Shangpin Famous Brand\*) for the period from 2015 to 2018, General Manager of 上海墨蘇貿易有限公司 (Shanghai Mosu Trading Co., Ltd.\*) for the period from 2008 to 2010 and worked in the COFCO Group for the period from 1997 to 2007.

***Independent non-executive Directors*****Mr. Chow Hiu Tung (“Mr. Chow”)**

Mr. Chow, aged 49, joined the Group in October 2018, is an independent non-executive Director. He is also the chairman of the audit committee and member of the remuneration committee of the Company. Mr. Chow has over 20 years of experience in accounting and internal control. He is the company secretary of Neo-Neon Holdings Limited, a company listed on the Stock Exchange (stock code: 1868). Mr. Chow is also an independent non-executive director of Great Wall Belt & Road Holding Limited, a company listed on the Stock Exchange (stock code: 524) since 12 March 2021. For the period from October 2013 to March 2015, Mr. Chow was an independent non-executive director of National United Resources Holdings Limited, a company listed on the Stock Exchange (formerly known as China Outdoor Media Group Limited) (stock code: 254). For the period from December 2014 to September 2018, Mr. Chow was an independent non-executive director of Future Bright Mining Holdings Limited, a company listed on the Stock Exchange (stock code: 2212). Mr. Chow obtained his bachelor’s degree in business administration in finance from Hong Kong University of Science and Technology in November 1995 and obtained his master’s degree in international business in December 2001 from the University of Sydney, Australia. Mr. Chow has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 1999. Mr. Chow has also been a member of the Association of Chartered Certified Accountants since April 2000 and was admitted as its fellow member in April 2005.

\* for identification purpose only

**Mr. Zhao Hangen (“Mr. Zhao”)**

Mr. Zhao, aged 54, joined the Group in October 2018, is an independent non-executive Director. He is also a member of the audit committee and nomination committee of the Company. Mr. Zhao has substantial professional legal experience. He is proficient in civil law theory and jurisprudence, and good at contract, corporate, finance, construction, real estate, investment, competition, intellectual property, international arbitration, labour law litigation and non-litigation cases. Mr. Zhao was a legal director at Nanyue Law Office of Guangdong and Guangdong Bowen Law Office, and management committee member of Guangdong Fazhishengbang Law Office. Mr. Zhao is currently a deputy director and senior partner at Kings Law Firm in Guangdong, an arbitrator at China International Economic and Trade Arbitration Commission, Arbitration Centre Across the Straits, China Guangzhou Arbitration Commission, Foshan Arbitration Commission and Shantou Arbitration Commission. Mr. Zhao obtained his bachelor’s degree in law majoring in economic law from the Renmin University of China Law School in July 1989. In January 2005, Mr. Zhao obtained his master’s degree in law majoring in economic law from Renmin University of China Law School.

**Ms. Yang Yanli (“Ms. Yang”)**

Ms. Yang, aged 50, joined the Group in October 2018, is an independent non-executive Director. She is also a member of the audit committee, remuneration committee and nomination committee of the Company. Ms. Yang has substantial experience in media management. Prior to joining the Group, Ms. Yang was the vice general manager of Planning and Publicizing Centre of Guangzhou Government and Guangzhou KAM-YIK Public Relations Agency. Ms. Yang has been an executive director of Guangzhou Holly’s International Auction Company Limited from 2014 to January 2021. Since January 2021, Ms. Yang has been a vice-president of China International Beauty Expo, vice-president of Guangdong Beauty and Cosmetic Association and the chief executive officer of Guangzhou Jiamei Exhibition Ltd. Ms. Yang obtained her bachelor’s degree in education management from the Guangzhou University in July 2000.



**12. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE**

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong
<b>Principal share registrar and transfer office</b>	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM12 Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Abacus Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company secretary</b>	Ms. Lee Eva
<b>Authorised representatives</b>	Mr. Zhang Jinbing Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong  Ms. Lee Eva Unit 13, 5/F, Tower 1 Harbour Centre 1 Hok Cheung Street Hung Hom, Kowloon Hong Kong

<b>Principal bankers</b>	Bank of Communications DBS Bank (Hong Kong) Limited Hang Seng Bank Limited Public Bank (Hong Kong) Bank of China (Hong Kong) Limited
<b>Auditors and reporting accountants</b>	KTC Partners CPA Limited <i>Certified Public Accountants</i> Room 617, Seapower Tower Concordia Plaza 1 Science Museum Road Tsimshatsui East, Kowloon Hong Kong
<b>Financial adviser to the Company</b>	Optima Capital Limited Suite 1501, 15th Floor Jardine House 1 Connaught Place Central Hong Kong
<b>Legal adviser to the Company as to Hong Kong laws</b>	WE Lawyers Unit 1601 & 03, Fairmont House 8 Cotton Tree Drive Central Hong Kong
<b>Placing Agent</b>	GLAM Capital Limited Rooms 908-11, 9/F Nan Fung Tower 88 Connaught Road Central/ 173 Des Voeux Road Central Hong Kong

**The Underwriters**

Always Profit Development Limited

*Registered address:*

Portcullis Chambers  
4th Floor, Ellen Skelton Building  
3076 Sir Francis Drake Highway  
Road Town  
Tortola  
British Virgin Islands  
VG1110

*Correspondence address:*

Unit 13, 5/F, Tower 1  
Harbour Centre  
1 Hok Cheung Street  
Hung Hom, Kowloon  
Hong Kong

GLAM Capital Limited  
Rooms 908-11, 9/F,  
Nan Fung Tower,  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

**Sole director and sole shareholder  
of Always Profit**

Mr. Zhang Jinbing  
Unit 13, 5/F, Tower 1  
Harbour Centre  
1 Hok Cheung Street  
Hung Hom, Kowloon  
Hong Kong

**13. GENERAL**

- (i) The company secretary of the Company is Ms. Lee Eva, who is a practising solicitor in Hong Kong.
- (ii) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (iii) In the event of inconsistency, the English text of this prospectus shall prevail over the Chinese text.
- (iv) Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection (i) at Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong during normal business hours on any Business Day; and (ii) on the websites of the Company ([www.seiah.com](http://www.seiah.com)) for a period of 14 days from the date of this prospectus:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the annual reports of the Company for each of the three financial years ended 31 March 2019, 2020 and 2021;
- (iii) the report from KTC Partners CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (iv) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (v) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (vi) the Irrevocable Undertaking;
- (vii) the circular issued by the Company dated 8 February 2021 in relation to the Acquisition;

(viii) the Circular; and

(ix) the Prospectus Documents.

#### **15. BINDING EFFECT**

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

#### **16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “Expert and Consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).