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STATE ENERGY GROUP INTERNATIONAL ASSETS HOLDINGS LIMITED

國能集團國際資產控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



GLAM Capital Limited

THE PLACING

The Board is pleased to announce that on 19 May 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, Placees for, or failing which on a best effort basis, a maximum of 38,252,510 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.233 per Placing Share.

The number of the Placing Shares represents: (a) approximately 4.94% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 4.71% of the enlarged total number of Shares in issue upon the completion of the Placing (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing other than the issue by the Company of the Placing Shares).

The Placing Price represents: (i) a discount of approximately 13.70% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on 19 May 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 18.24% to the average closing price of HK\$0.285 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The gross proceeds and net proceeds from the Placing will be approximately HK\$8,913,000 and approximately HK\$8,000,000 respectively, which will be used for potential acquisition or investment opportunities of the Group. On such basis, the net issue price will be approximately HK\$0.209 per Placing Share.

GENERAL

The Placing Shares will be issued pursuant to the General Mandate.

Application will be made by the Company to the Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 19 May 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, as agent of the Company, Places for, or failing which on a best effort basis, a maximum of 38,252,510 Placing Shares to not less than six Places who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the Placing Price of HK\$0.233 per Placing Share.

The principal terms of the Placing Agreement are summarized below:

Date: 19 May 2022 (after trading hours)

Issuer: The Company

Placing Agent: GLAM Capital Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 38,252,510 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. The terms of the Placing Agreement were arrived at arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions and the recent trading performance of the Shares. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

Placing commission

The Placing Agent will charge the Company a placing commission of 0.5% of the aggregate amount equal to the Placing Price multiplied by the number of the Placing Shares being placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

Placees

The Placing Agent will, on a best efforts basis, place the Placing Shares to currently expected to be not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 4.94% of the existing issued share capital of the Company of 773,659,139 Shares as at the date of this announcement; and (ii) approximately 4.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$382,525.10.

Ranking of Placing Shares

The Placing Shares under the Placing will rank pari passu in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.233 per Placing Share represents:

- (a) a discount of approximately 13.70% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 18.24% to the average closing price of HK\$0.285 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be HK\$8,913,000 and approximately HK\$8,000,000 respectively. On such basis, the net issue price will be approximately HK\$0.209 per Placing Share.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 38,252,510 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate will be fully utilised upon the allotment and issue of all the Placing Shares.

Application for listing of Placing Shares

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

Conditions and completion of the Placing

Completion of the Placing is conditional upon fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that any of the above conditions is not fulfilled on or before 19 June 2022 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing will take place within sixth (6) Business Days after the fulfilment of the above conditions precedent or such other date to be agreed between the Company and the Placing Agent in writing.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iii) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (iv) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (v) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to this section, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING 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.

The gross proceeds and net proceeds from the Placing will be HK\$8,913,000 and approximately HK\$8,000,000 respectively, which will be used for potential acquisition or investment opportunities of the Group.

The Directors consider that the Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the twelve months immediately preceding the date of this announcement:

Date of Announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
8 April 2021	Rights Issue	HK\$197.8 million	(i) as to approximately 81%, in the sum of HK\$160.5 million for repayment of the Shareholder's Loan to relieve the financial burden of the Company; and (ii) as to approximately 19%, in the sum of HK\$37.3 million for repayment of bank borrowings and general working capital of the Group.	(i) used as intended (ii) used as intended

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total number of issued Shares is 773,659,139.

For illustrative purpose only, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming there is no other change in the shareholding structure of the Company before completion of the Placing):

	As at the date of this announcement		Immediately following Completion of the Placing	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Shareholders				
Always Profit Development Limited (Note 1)	552,238,938	71.38	552,238,938	68.02
Dye Culture Development Limited (Note 2)	5,165,354	0.67	5,165,354	0.64
Wenxi Investment Management Co. Ltd. (Note 2)	8,608,923	1.11	8,608,923	1.06
Public Shareholders				
The Places	—	—	38,252,510	4.71
Other Public Shareholders	<u>207,645,924</u>	<u>26.84</u>	<u>207,645,924</u>	<u>25.57</u>
Total	<u><u>773,659,139</u></u>	<u><u>100.0</u></u>	<u><u>811,911,649</u></u>	<u><u>100.0</u></u>

Notes:

1. Always Profit Development Limited is solely owned by Mr. Zhang Jinbing who is the Chairman and an executive Director
2. Both Dye Culture Development Limited and Wenxi Investment Management Co. Ltd. are solely owned by Mr. Tian Wenxi who is an executive Director

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2021 AGM”	the annual general meeting of the Company held on 23 August 2021 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holidays or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for banking business
“Company”	State Energy Group International Assets Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 918)
“Completion”	completion of the Placing
“Completion Date”	the actual date of Completion
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the 2021 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2021 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	institutional, professional and/or other investors, who are Independent Third Parties with whom the Placing Agent or its sub-agent(s) procure(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of up to 38,252,510 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	GLAM Capital Limited (港利資本有限公司), a corporation with an active license record with the Hong Kong Securities and Futures Commission and CE number BNR298
“Placing Agreement”	the placing agreement dated 19 May 2022 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.233 per Placing Share

“Placing Shares”	up to 38,252,510 new Shares to be placed under the Placing Agreement
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 19 May 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jinbing, Mr. Tian Wenxi and Mr. Wu Tingjun; and the independent non-executive Directors of the Company are Ms. Choi Ka Ying, Mr. Chen Conghu and Ms. He Xiaodong.