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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
A WHOLLY-OWNED SUBSIDIARY**

THE DISPOSAL

The Board wishes to announce that on 17 May 2023, the Company as vendor, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$1,000,000. The Disposal is expected to be completed on the Completion Date. Upon Completion, the Group will not hold any share of the Target Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 5% but all applicable ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

Completion is conditional upon the satisfaction of the conditions set out in the section headed “Conditions Precedent” in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should, therefore, exercise caution when dealing in the securities of the Company.

THE DISPOSAL

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The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

17 May 2023

Parties

Vendor: the Company; and

Purchaser: the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

The Purchaser has agreed to purchase and the Company has agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

The Target Company is an indirect wholly-owned subsidiary of the Company.

For further information on the Target Group, please refer to the section headed "Information on the Target Group" below.

Consideration

The Consideration for the sale and purchase of the Sale Share is HK\$1,000,000, which shall be paid by the Purchaser to the Company by way of banker's draft or such other manner as may be directed by the Company.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser having considered the net asset value of the Target Group at the date of this announcement.

The Directors are of the view that the Consideration is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Conditions Precedent

Completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement shall be conditional upon the following Conditions being fulfilled on or before the Completion Date (or other date as the parties may agree in writing):

- (a) all necessary approvals (whether governmental, regulatory, under the Listing Rules or otherwise) as applicable in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained by the Company, the Target Company and the Purchaser;
- (b) there are no material adverse changes in relation to the Target Group up to the Completion Date; and
- (c) all warranties on the part of the Company given in the Sale and Purchase Agreement remaining true and accurate.

The Purchaser may at any time waive in writing the Conditions under paragraphs (b) and (c) above.

In the event that the Conditions are not fulfilled or waived (as the case may be) on or before the 31 May 2023, the Sale and Purchase Agreement shall lapse and be of no further effect and the parties shall be released from such obligations without any liability save in respect of any antecedent breach or any accrued right or remedies, which shall not be prejudiced or affected.

Completion

Completion of the Disposal shall take place on the Completion Date.

Upon Completion, all of the companies under the Target Group will cease to be subsidiaries of the Group and the financial results of the Target Group will no longer be consolidated into those of the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is a limited company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Target Group is principally engaged in the provision of marketing and promotional services, which include (i) marketing and brand building, design and execution; (ii) agency services of outdoor billboards and screens; (iii) designing and organising large-scale events; and (iv) production and publication of advertisements on internet and new media.

Set out below is the unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for the years ended 31 March 2022 and 31 March 2023:

	For the year ended 31 March 2022	For the year ended 31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) before taxation	23	(12,909)
Loss after taxation	(2,000)	(14,398)

The unaudited net liabilities value of the Target Group as at 31 March 2023 was approximately HK\$3,464,000.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion of the Disposal, the Company will cease to hold any share in the Target Company.

Based on the unaudited net liabilities value of the Target Group as at 31 March 2023, the Group is expected to record a gain of approximately HK\$4,314,000 as a result of the Disposal, after deducting all relevant expenses.

The actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the net asset value of the Target Group as at Completion Date and therefore may be different from the amount mentioned above.

USE OF PROCEEDS

The net proceeds from the Disposal of approximately HK\$850,000 will, after deducting all relevant expenses, be used by the Group for general working capital purpose.

INFORMATION ON THE COMPANY AND THE PURCHASER

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

The Purchaser and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The purpose of the Disposal is for better allocation of the Group's resources. The Directors consider that the Disposal would enable the Group to free up capital for its operations and any potential new business opportunities that can give a better return so as to enhance the shareholder value.

The Directors believe that the Disposal is in the best interest of the Company and the terms of the Sale and Purchase Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 5% but all applicable ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	State Energy Group International Assets Holdings Limited, a company incorporated under the laws of Bermuda, the shares of which are listed on the Stock Exchange (Stock Code: 918)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	a date on or before 31 May 2023 or such other date as agreed by the parties to the Sale and Purchase Agreement
“Condition(s)”	the conditions set out in the Sale and Purchase Agreement
“Consideration”	the total consideration in the sum of HK\$1,000,000, being the consideration of the Sale Shares, payable by the Purchaser to the Company for the Disposal under the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of the Target Company, by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	All In Group Holdings Limited (歐英集團控股有限公司), a company incorporated under the laws of Hong Kong and is owned as to 90% by Song Wei and 10% by Wu Ching as at the date of this announcement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 May 2023 entered into between the Company and the Purchaser relating to the sale and purchase of the Sale Shares
“Sale Shares”	100 ordinary share in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GBR (HK) Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Target Group”	The Target Company and 廣州天澤互動科技有限公司 (in English, for identification purpose only, Guangzhou Tianze Shangwu Limited, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company

“%”

per cent

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

Hong Kong, 17 May 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jinbing 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.