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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



恆宇證券有限公司
Space Securities Limited

THE PLACING

The Board is pleased to announce that on 14 August 2023 (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 185,678,193 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\$0.179 per Placing Share.

The number of the Placing Shares represents: (a) approximately 20.00% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.67% 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 19.37% to the closing price of HK\$0.222 per Share as quoted on the Stock Exchange on 14 August 2023, being the date of the Placing Agreement; and (ii) a discount of approximately 19.59% to the average closing price of HK\$0.223 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\$33,236,396.60 and approximately HK\$32,568,843.50 respectively, on such basis, the net issue price will be approximately HK\$0.175 per Placing Share. The Company intends to use approximately (a) HK\$22.8 million or 70% of the net proceeds from the Placing for the existing operations of the Group; and (b) HK\$6.5 million or 20% of the net proceeds from the Placing for potential investment; and (c) the remaining approximately HK\$3.3 million or 10% for other general working capital of the Group.

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 14 August 2023 (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 185,678,193 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\$0.179 per Placing Share.

The principal terms of the Placing Agreement are summarized below:

Date: 14 August 2023 (after trading hours)

Issuer: The Company

Placing Agent: Space Securities 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 185,678,193 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 2% 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 20% of the existing issued share capital of the Company of 928,390,966 Shares as at the date of this announcement; and (ii) approximately 16.67% 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\$1,856,781.93.

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\$0.179 per Placing Share represents:

- (a) a discount of approximately 19.37% to the closing price of HK\$0.222 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 19.59% to the average closing price of HK\$0.223 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\$33,236,396.60 and approximately HK\$32,568,843.50 respectively. On such basis, the net issue price will be approximately HK\$0.175 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 185,678,193 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 8 September 2023 (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

If, at any time prior to 8: 00 a.m. (Hong Kong time) on the Completion Date, any of the specific events provided in the Placing Agreement, such as the occurrence of any circumstances which is or is likely to be materially adverse to the success of the Placing, or any material breach of any of the representations and warranties by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is given prior to 8 : 00 a.m. (Hong Kong time) on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of them shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement except for all costs and expenses relating to the Placing and any antecedent breach of any of their respective obligations and liabilities under the Placing Agreement and any of the Company's representations, warranties and undertakings contained in the Placing Agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the wholesale of consumer products including timepieces and accessories and garments and sportswear products; (ii) property investment; (iii) the provision of marketing services; and (iv) the research and development, design, production, sales, training and service of unmanned aerial vehicles.

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. Following the gradual recovery of economic in 2023 after COVID-19, the Company expects that the consumer sentiment for consumer goods in particular luxury consumer goods will become highly elevate, the Company intends to devote more resources in the area of consumer goods including timepieces and accessories in order to seize such opportunities for a profits jump. The investments in these areas would require high liquidity of the Group.

The gross proceeds and net proceeds from the Placing will be HK\$33,236,396.60 and approximately HK\$32,568,843.50 respectively, on such basis, the net issue price will be approximately HK\$0.175 per Placing Share. The Company intends to use approximately (a) HK\$22.8 million or 70% of the net proceeds from the Placing for the existing operations of the Group; and (b) HK\$6.5 million or 20% of the net proceeds from the Placing for potential investment; and (c) the remaining approximately HK\$3.3 million or 10% for other general working capital of the Group.

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 not conducted the following fund raising activities in the twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total number of issued Shares is 928,390,966.

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	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Shareholders				
Always Profit Development Limited (Note 1)	527,238,938	56.79	527,238,938	47.32
Golden Bold Holdings Limited (Note 2)	154,731,827	16.67	154,731,827	13.89
Public Shareholders				
The Placees	—	—	185,678,193	16.67
Other Public Shareholders	246,420,201	26.54	246,420,201	22.12
Total	<u>928,390,966</u>	<u>100.0</u>	<u>1,114,069,159</u>	<u>100.0</u>

Notes:

- (1) Always Profit Development Limited is solely owned by Mr. Zhang Jinbing who is the Chairman and an executive Director
- (2) Golden Bold Holdings Limited is controlled by Wang Yuelai.

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:

“2023 AGM”	the annual general meeting of the Company held on 11 August 2023 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 2023 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 2023 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 185,678,193 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Space Securities Limited (恒宇證券有限公司), a licensed corporation to carry in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement dated 14 August 2023 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.179 per Placing Share
“Placing Shares”	up to 185,678,193 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, 14 August 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.