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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)

VOLUNTARY ANNOUNCEMENT — FORMATION OF A JOINT VENTURE FUND COMPANY

The Board is pleased to announce that on 28 November 2017, Georgia Investment S.C.S. entered into a Shareholders' Agreement with the JV Partner in relation to the proposed formation of the JV Fund Company in Georgia to be principally engaged in investment projects conducive to Georgia's economic growth and comprehensive national strength (including but not limited to road construction, electricity, telecommunication, agriculture and fishing industries and other infrastructure projects in Georgia).

THE SHAREHOLDERS' AGREEMENT

The principal terms of the Shareholders' Agreement are summarized below:

Date: 28 November 2017

Parties and shareholding ratio: (1) Georgia Investment S.C.S. (51%)
(2) The JV Partner (49%)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the JV Partner and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Initial registered capital of the JV Fund Company:	USD5,000,000
Capital contribution:	USD5,000,000, to be contributed as follows: <ol style="list-style-type: none"> (1) 51% (amounting to a total of USD2,550,000 in the form of cash) by Georgia Investment S.C.S.; and (2) 49% (amounting to a total of USD2,450,000 in the form of cash) by the JV Partner.
Scope of business:	Participation in investment projects conducive to Georgia's economic growth and comprehensive national strength (including but not limited to road construction, electricity, telecommunication, agriculture and fishing industries and other infrastructure projects in Georgia).

INFORMATION ON THE PARTIES TO THE SHAREHOLDERS' AGREEMENT

Georgia Investment S.C.S.

Georgia Investment S.C.S. is a limited partnership governed by Luxembourg law and in particular the Luxembourg law on commercial companies dated 10 August 1915, as amended as well as by the limited partnership agreement entered into between the partners of the limited partnership. Except otherwise expressly provided in the limited partnership agreement, the general partner shall conduct, direct and manage all activities of the limited partnership and all management powers over the business and affairs of the limited partnership shall be exclusively vested in the general partner.

State Energy Capital Limited, a wholly owned subsidiary of the Company, is the general partner of Georgia Investment S.C.S.. The initial capital contributions to the limited partnership by State Energy Capital Limited and the limited partner are USD25,758 and USD2,550,000, respectively.

The JV Partner

The JV Partner is a limited liability company incorporated and validly existing under the laws of Georgia. It is a wholly-owned enterprise of the JSC Partnership Fund. The JSC Partnership Fund is a state-owned enterprise and was created to support investments in less developed industries of the Georgian economy and to create new employment opportunities in Georgia. Its principal activity is to provide equity and debt financing, and guarantees to private and public sector companies operating in Georgia with priority for projects in the energy, agriculture, manufacturing and real estate sectors. The JSC Partnership Fund mainly invested in business activities including importation and sale of gas, rental of gas and oil pipelines, oil and gas exploration and extraction, operation of nationwide railway systems providing freight and passenger transportation services and transmission, real estate, sale and dispatching of electricity over the territory of Georgia.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV FUND COMPANY

The Board considers that the proposed formation of the JV Fund Company is an invaluable first step for the Group to tap into the construction/infrastructure construction market of Georgia, a highly strategic location in that it serves as an entry gate to the Caucasus and Central Asia which could be benefited from the China's "One Belt, One Road" initiative.

The Directors believe that, by investing in the JV Fund Company, the Group can be benefited from the infrastructural modernization plan of the Georgia Government and may share the investment income of the JV Fund Company in the future and seize the opportunities to develop and expand its business and investment in the Caucasus, Central Asia or Eastern Europe region which are of geopolitical importance to the "One Belt, One Road" initiative.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	State Energy Group International Assets Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed and traded on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Georgia Government”	The Government of Georgia
“Georgia Investment S.C.S.”	Georgia Investment société en commandite simple, a limited partnership established in Luxembourg
“Group”	the Company and its subsidiaries
“JSC Partnership Fund”	a joint stock company domiciled in Georgia. It was established on 28 June 2011 as a wholly state-owned enterprise following the “Law of Georgia on Partnership Fund JSC” as of 8 April 2011
“JV Fund Company”	Georgia National Construction Fund Company, the joint venture company proposed to be established pursuant to the Shareholders’ Agreement
“JV Partner”	LLC East West Bridge, a limited liability company incorporated and validly existing under the laws of Georgia
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Shareholders’ Agreement”	the agreement entered into by Georgia Investment S.C.S. and the JV Partner in respect of the formation of the JV Fund Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board
State Energy Group International Assets Holdings Limited
Lei Donghui
Chairman

Hong Kong, 30 November 2017

As at the date of this announcement, the executive Directors are Mr. Lei Donghui, Mr. Zhou Xinyu and Ms. Niu Fang; the independent non-executive Directors are Ms. Ni Lijun, Mr. Shen Guoquan and Ms. Meng Rongfang.