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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)

**ANNOUNCEMENT
PURSUANT TO RULE 3.2 OF THE TAKEOVERS CODE
IN RELATION TO
THE MANDATORY UNCONDITIONAL CASH OFFER
AND
RESUMPTION OF TRADING**

This announcement is made by State Energy Group International Assets Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 3.2 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”).

THE OFFER

On 22 August 2018 (after trading hours), the board (the “**Board**”) of directors (the “**Directors**”, and each a “**Director**”) of the Company was informed by Always Profit Development Limited (the “**Offeror**”) that State Energy HK Limited (the “**Vendor**”) (receivers appointed pursuant to a share charge dated 12 February 2018 over charged assets including 546,448,493 ordinary shares of the Company (the “**Sale Shares**”), Messrs. Wong Teck Meng, Chan Pui Sze and Mak Hau Yin (together as joint and several receivers over the Sale Shares) (the “**Receivers**”) and the Offeror entered into the sale and purchase agreement (the “**Agreement**”) pursuant to which the Receivers agreed, on behalf of the Vendor, to sell and the Offeror agreed to purchase the Sale Shares, for an aggregate cash consideration of HK\$87,431,759.70 (equivalent to approximately HK\$0.1600 per Sale Share). The Sale Shares represent approximately 70.47% of the total number of shares with a par value of HK\$0.10 each in the share capital of the Company (the “**Shares**”) in issue as at the date of this announcement

As informed by the Offeror, completion of the Agreement took place on 27 August 2018.

On 29 August 2018, the Offeror published an announcement (the “**Offer Announcement**”) in respect of (i) the Agreement, and (ii) the mandatory unconditional cash offer (the “**Offer**”) to be made by Optima Capital Limited for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

It is intended that the Offeror will nominate new Directors to the Board with effect from the earliest time as permitted under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Takeovers Code and the applicable laws and regulations, which is the date immediately after the offer document relating to the Offer is posted. As disclosed in the Offer Announcement, the Offeror has not decided on the candidates to be nominated. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcements will be made as and when appropriate.

INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY

As disclosed in the Offer Announcement, following the close of the Offer, the Offeror intends to continue the existing principal business of the Group in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products, and property investment. The Offeror will conduct a review on the business operations and financial position of the Group and, based on the results of the review, formulate a business plan suited for the Group and identify suitable investments and business opportunities for the Group to optimize its growth potential. The Offeror shall also review the management structure and manpower of the Group with a view to better allocating the human resources of the Group in pursuit of the business plan formulated by the Offeror.

Save for the potential changes to the members of the Board as described above, as at the date of the Offer Announcement, the Offeror has no concrete plan for any acquisition or disposal of the existing assets or business of the Group; and has no intention to discontinue the employment of any employees of the Group or redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Company had received a letter (the “**Letter**”) dated 8 June 2018 from the Stock Exchange pursuant to which the Stock Exchange considered that the Company had failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to warrant the continued listing of its Shares on the Stock Exchange. The Stock Exchange had therefore decided to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules and place the Company in the first delisting stage pursuant to Practice Note 17 of the Listing Rules (the “**Decision**”). A resumption proposal to demonstrate that the Company has a sufficient level of operations or assets as required by Rule 13.24 of the Listing Rules is required to be submitted to the Stock Exchange.

On 15 June 2018, the Company had submitted a written request to the Listing Committee of the Stock Exchange for the Decision to be referred to the Listing Committee for review (the “**Review Request**”) pursuant to Rule 2B.06(1) of the Listing Rules. The outcome of such Review Request is uncertain.

NUMBERS OF RELEVANT SECURITIES IN ISSUE

As at the date of this announcement, the Company has 775,406,000 Shares in issue. The Company has no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent board committee (the “**Independent Board Committee**”) comprising all the independent non-executive Directors has been formed to make a recommendation to the independent shareholders of the Company other than the Vendor, the Offeror and parties acting in concert with it and their respective associates and parties acting in concert with them (the “**Independent Shareholders**”) whether the Offer is fair and reasonable for acceptance or not.

An independent financial adviser (the “**Independent Financial Adviser**”) will be approved and appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to its acceptance, will be included in the response document.

GENERAL

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document (the “**Offer Document**”) containing, amongst other things, the terms and conditions of the Offer and the form(s) of acceptance and transfer in respect of the Offer, to the Independent Shareholders within 21 days of the date of the Offer Announcement. In response, a response document, which will contain, amongst other things, the recommendation of the Independent Board Committee on the Offer, will be issued and despatched by the Company to the Shareholders within 14 days after the posting of the Offer Document by the Offeror in relation to the Offer, or as permissible pursuant to the Takeovers Code.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING: SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 23 August 2018 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 August 2018.

By Order of the Board
State Energy Group International Assets Holdings Limited
Zhou Xinyu
Chairman

Hong Kong, 29 August 2018

As at the date of this announcement, the board of Directors consists of Mr. Zhou Xinyu and Ms. Niu Fang (all being executive Directors), and Ms. Ni Lijun, Mr. Shen Guoquan and Mr. Chen Jianjun (all being independent non-executive Directors).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.