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SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED

銀建國際實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 171)

PROVISION FOR BAD DEBT AND POSITIVE PROFIT ALERT

This announcement (the “**Announcement**”) is made by SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROVISION FOR BAD DEBT

In November 2009, the Company had through a nominee subscribed for exchangeable notes in the amount of HK\$40.0 million (the “**Notes**”) issued by Apex Wide Holdings Limited (the “**Issuer**”), the then sole shareholder of China New Materials (Zhongpu) Holdings Limited (currently known as Chung Yuen High Polymer New Materials Holdings Limited) (“**China New Materials**”). A written notice (the “**Redemption Notice**”) for full redemption of the Notes at maturity was served by the Company to the Issuer in November 2012. However, the Company has not received any redemption money for such redemption.

After further negotiations, in August 2013, the parties reached a settlement arrangement, pursuant to which the then aggregate outstanding amount (including all accrued interest) of approximately HK\$98.5 million receivable upon serving the Redemption Notice was to be settled by, inter alia, (i) the Issuer’s payment in the amount of RMB10.0 million (equivalent to approximately HK\$12.5 million) as initial and partial repayment to the Company (the “**Initial Payment**”); and (ii) conditional upon fulfillment of certain conditions precedent, transfer of such number of shares of China New Materials held by the Issuer to the nominee of the Company as agreed between the parties.

At that time, the Initial Payment was made by the Issuer. However, due to non-fulfillment of certain conditions, the share transfer mentioned above was not completed in the end. Repeated requests and demands have been made by the Company to recover the outstanding amount, but the Issuer failed to give any positive response or to indicate any intention to repay the aforesaid debt.

As a result, the board of directors of the Company (the “**Board**”) considers that it is unlikely that such receivables, which amounted to approximately HK\$86.0 million as at 31 December 2014, are recoverable from the Issuer, and the Company has, for prudence sake, decided to make a full provision for such outstanding receivables in its financial statements for the year ended 31 December 2014. However, the Company will continue to closely monitor the development of the matter and is determined to take appropriate legal actions against the relevant defaulting party(ies) to recover the debt. Should there be any amount recovered in the future, it will be treated as income in the corresponding financial statements accordingly. In addition, the Company will make further announcement on any significant development of the matter as and when appropriate.

POSITIVE PROFIT ALERT

Despite the provision for bad debt proposed to be made, the Board wish to inform shareholders and potential investors of the Company that the profit attributable to owners of the Company for the year ended 31 December 2014 is expected to be likely to record a significant increment of approximately 50% or even more as compared with that for the year ended 31 December 2013.

The increase in profit is mainly due to the following three factors:

- (1) a relatively low profit figure for the year of 2013;
- (2) one-off disposal gain amounting to approximately HK\$160.8 million being realized from the disposal of Yang Quan Coal Industry (Group) Tiantai Investment Limited (“**Yangquan Tiantai**”) which was larger than the share of operating loss in 2014 from Yangquan Tiantai amounting to approximately HK\$87.0 million; and
- (3) reversal of over-provision of deferred tax made in prior periods in respect of those investment properties sold during the year of 2014 amounting to approximately HK\$89.5 million.

The information contained in this Announcement is only based on a preliminary review of the management accounts of the Group for the year ended 31 December 2014 which is yet to be audited and is subject to change as necessary.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Silver Grant International Industries Limited
Gao Jian Min
Managing Director

Hong Kong, 13 February 2015

As at the date of this announcement, the Board comprises Mr. Gao Jian Min (Managing Director), Mr. Liu Tianni (Deputy Managing Director) and Mr. Gu Jianguo as executive directors; Mr. Chen Xiaozhou (Chairman), Mr. Hui Xiao Bing (Vice Chairman) and Mr. Chen Qiming (Vice Chairman) as non-executive directors and Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming as independent non-executive directors.