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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)

INSIDE INFORMATION AND POSITIVE PROFIT ALERT ANNOUNCEMENT

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform shareholders of the Company and potential investors that it is expected that the Group will record a loss attributable to owners of the Company for the year ended 31 December 2016. However, when compared with the loss of approximately HK\$65.8 million in 2015, the loss has recorded a significantly decrease with a decrement in excess of 40%.

The information contained in this announcement is only based on the preliminary review by the Company's management on the unaudited management accounts of the Group for the year ended 31 December 2016 and is subject to change as necessary.

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

This announcement is made by Silver Grant International Industries Limited 銀建國際實業有限公司 (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that it is expected that the Group will record a loss attributable to owners of the Company for the year ended 31 December 2016. However, when compared with the

loss of approximately HK\$65.8 million in 2015, the loss has recorded a significantly decrease with a decrement in excess of 40%. The Board considers that the expected loss was principally attributable to the reasons detailed below:

The total increase in the Group's major source of income in 2016 was approximately HK\$94.5 million in aggregate (including increase in fair value gain on investment properties amounting to approximately HK\$33.1 million, increase in gain on disposal of available-for-sale investments amounting to approximately HK\$27.4 million and increase in fair value gain on loan receivable with embedded derivative amounting to approximately HK\$34.0 million) was not enough to compensate the significant increase in loss of Tai Zhou United East Petrochemical Company Limited ("**TZ United East**"). In the current year, TZ United East recorded a significant increase in after tax loss to approximately HK\$357.8 million (2015: HK\$185.2 million). Increase in loss was mainly attributable to the fact that TZ United East was still in a non-producing condition for a majority time during the year, significant operating loss was thus incurred due to accumulation of operating expenses in the absence of revenue generated from production. Moreover, the construction of the Binjiang Project by TZ United East was completed and transferred to fixed asset in the current year, the cessation of capitalising loan interest and certain direct expenses in respect of the qualifying assets and commencement to provide for depreciation in respect of the assets had further increased TZ United East's total losses in the current year.

TZ United East cooperated with the Company's principal associate, Zhong Hai You Qi (Taizhou) Petrochemical Company Limited and resumed production by the end of the year by way of joint production. The Board expects that after resuming production, the loss pressure originated from TZ United East will ease off prominently and it will significantly improve the Group's profitability in the future.

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The Company is in the process of finalizing the audited annual results of the Group for the year ended 31 December 2016. The overall results of the Group for the year ended 31 December 2016 will only be ascertained when all the relevant results and treatments are finalised. The final results announcement of the Group for the year ended 31 December 2016 is expected to be published on 27 March 2017.

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

By Order of the Board
Silver Grant International Industries Limited
銀建國際實業有限公司
Chow Kwok Wai
Company Secretary

Hong Kong, 15 March 2017

As at the date of this announcement, the Board comprises Mr. Gao Jian Min (Managing Director), Mr. Liu Tianni (Deputy Managing Director) and Mr. Ma Yilin as executive directors; Mr. Wu Songyun (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.