SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED
銀建國際實業有限公司

(Incorporated in Hong Kong with limited liability)
Website: www.silvergrant.com.hk (Stock Code: 171)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Silver Grant International Industries Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2009 as follows:

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2009 (Unaudited)

		Six months ended 30 June	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Property management fee income	2	**63,044**	68,890
Rental income	2	**32,593**	32,253
		95,637	101,143
Cost of sales		**(41,935)**	(48,463)
		53,702	52,680
Income from investment in distressed assets through establishment of a special purpose vehicle	2	**1,108**	22,811
Dividend income from listed and unlisted securities	2	**2,548**	932
Other income, gains and losses	3	**91,922**	132,112
Change in fair value of held-for-trading investments		**64,546**	(27,431)
Administrative expenses		**(58,230)**	(59,759)
Reversal of revaluation deficit of leasehold properties		**4,645**	922
Change in fair value of investment properties		**68,160**	12,731
Loss on convertible note classified as liabilities at fair value through profit or loss		**—**	(6,846)
Change in fair value of structured finance securities		**(1,469)**	1,818
Finance costs	4	**(7,832)**	(12,269)
Share of results of associates		**2,629**	58,890
Share of results of jointly controlled entities		**(9,934)**	(716)
Profit before taxation		**211,795**	175,875
Taxation	5	**(17,334)**	(3,343)
Profit for the period	6	**194,461**	172,532
Attributable to:			
Owners of the Company		**193,450**	171,724
Minority interests		**1,011**	808
		194,461	172,532
Earnings per share (in HK dollar)	7		
— Basic		**0.106**	0.094
— Diluted		**—**	0.092

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009 (Unaudited)

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period	**194,461**	172,532
Other comprehensive income		
Exchange difference arising on translation of foreign operations	**40,502**	69,131
Fair value change of available-for-sale investments	**4,718**	(92,418)
Gain on revaluation of leasehold properties	**10,447**	17,601
Income tax relating to components of other comprehensive income	**(1,412)**	—
Share of reserve of associates	**1,958**	17,474
Other comprehensive income for the period	**56,213**	11,788
Total comprehensive income for the period	**250,674**	184,320
Total comprehensive income attributable to:		
Owners of the Company	**248,047**	183,020
Minority interests	**2,627**	1,300
	250,674	184,320

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**Unaudited At 30 June 2009 HK$'000**	Audited At 31 December 2008 HK$'000
ASSETS			
Non-current assets			
Investment properties		**2,298,229**	2,188,262
Property, plant and equipment		**215,269**	462,444
Land use rights		**27,358**	26,842
Goodwill		**11,392**	11,392
Interest in associates		**907,209**	783,991
Interest in jointly controlled entities		**57,818**	66,717
Structured finance securities		**10,748**	12,216
Available-for-sale investments	*11*	**323,802**	314,019
		3,851,825	3,865,883
Current assets			
Inventories, at cost		**242**	66,597
Investment in distressed assets through establishment of a special purpose vehicle		**279,935**	148,247
Held-for-trading investments		**133,763**	70,027
Trade receivables	*10*	**15,096**	11,794
Deposits, prepayments and other receivables		**122,011**	207,323
Amounts due from associates		**1,053,035**	982,626
Amounts due from jointly controlled entities		**82,543**	63,074
Loan receivables		**124,225**	79,790
Available-for-sale investments	*11*	**122,390**	121,277
Tax recoverable		**—**	1,128
Bank balances and cash		**481,345**	792,376
		2,414,585	2,544,259
TOTAL ASSETS		**6,266,410**	6,410,142

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	Unaudited At 30 June 2009 HK$'000	Audited At 31 December 2008 HK$'000
EQUITY			
Capital and reserves			
Share capital		**364,142**	364,142
Reserves		**4,589,672**	4,505,489
Equity attributable to owners of the Company		**4,953,814**	4,869,631
Minority interests		**86,612**	202,420
Total equity		**5,040,426**	5,072,051
LIABILITIES			
Non-current liabilities			
Borrowings		**375,341**	48,260
Deferred tax liabilities		**104,555**	87,954
		479,896	136,214
Current liabilities			
Trade payables	*12*	**106,870**	113,833
Accrued charges, rental deposits and other payables		**182,858**	207,741
Amounts due to associates		**—**	13,500
Borrowings		**309,215**	336,839
Convertible note		**—**	389,025
Taxation payable		**147,145**	140,939
		746,088	1,201,877
Total liabilities		**1,225,984**	1,338,091
TOTAL EQUITY AND LIABILITIES		**6,266,410**	6,410,142
Net current assets		**1,668,497**	1,342,382
Total assets less current liabilities		**5,520,322**	5,208,265

NOTES:

1. Basis of Preparation and Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated financial statements have been prepared under the historical cost basis except for properties and certain financial assets and liabilities, which are measured at fair values or revalued amounts.

Except as described below, the accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are applicable for the Group's accounting period beginning on or after 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 to HKAS 39
HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Int 13	Customer loyalty programmes

HK(IFRIC) — Int 15	Agreements for the construction of real estate
HK(IFRIC) — Int 16	Hedges of a net investment in a foreign operation

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 2).

The adoption of the new and revised HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised 2008)	Business combinations[1]
HK(IFRIC) — Int 17	Distribution of non-cash assets to owners[1]
HK(IFRIC) — Int 18	Transfer of assets from customers[4]

1 Effective for annual period beginning on or after 1 July 2009.

2 Amendments those are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

[3] Effective for annual period beginning on or after 1 January 2010.

[4] Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Revenue and Segment Information

Revenue is analysed as follows:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Property management fee income	**63,044**	68,890
Rental income	**32,593**	32,253
Income from investment in distressed assets through establishment of a special purpose vehicle	**1,108**	22,811
Dividend income from listed and unlisted securities	**2,548**	932
	99,293	124,886

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the Managing Director of the Group) in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of the measurement of segment profit or loss.

Segment profit or loss represents the profit earned or loss incurred by each segment without allocation of unallocated corporate income and expenses and finance costs. This is the measure reported to the Group's Managing Director for the purposes of resources allocation and assessment of segment performance.

The Group is organized into six operating divisions: distressed assets business, investments, sales of properties, property leasing, property management and production and trading of petrochemical products.

An analysis of the Group's revenue and results by operating segments is as follows:

	Six months ended 30 June 2009							
	Distressed assets business *HK$'000*	Investments *HK$'000*	Sales of properties *HK$'000*	Property leasing *HK$'000*	Property management *HK$'000*	Production and trading of petrochemical products *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Revenue	1,108	2,548	—	32,593	63,044	—	—	99,293
Results								
Segment results	(7,811)	65,488	(338)	86,129	4,006	(1,208)	—	146,266
Other unallocated income, gains and losses								90,592
Reversal of revaluation deficit of leasehold properties								4,645
Unallocated central administrative expenses								(14,571)
Finance costs								(7,832)
Share of results of associates								2,629
Share of results of jointly controlled entities	15	—	—	—	—	—	(9,949)	(9,934)
Profit before taxation								211,795

	Six months ended 30 June 2008							
	Distressed assets business	Investments	Sales of properties	Property leasing	Property management	Production and trading of petrochemical products	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	22,811	932	—	32,253	68,890	—	—	124,886
Results								
Segment results	22,764	(24,106)	(1,247)	19,450	8,471	—	—	25,332
Other unallocated income, gains and losses								130,481
Reversal of revaluation deficit of leasehold properties								922
Loss on convertible note classified as liabilities at fair value through profit or loss								(6,846)
Unallocated central administrative expenses								(19,919)
Finance costs								(12,269)
Share of results of associates								58,890
Share of result of a jointly controlled entity	(716)	—	—	—	—	—	—	(716)
Profit before taxation								175,875

3. Other Income, Gains and Losses

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Interest income		
— bank deposits	**5,705**	2,155
— structured finance securities	**—**	842
— jointly controlled entities	**1,242**	1,542
— associates	**44,585**	37,677
— minority shareholders of a subsidiary	**774**	—
— loan receivables	**8,104**	3,567
— others	**101**	168
Commission income	**1,330**	789
Net loss on disposal of property, plant and equipment	**(181)**	(3)
Net foreign exchange gain	**28,541**	83,223
Others	**1,721**	2,152
	91,922	132,112

4. Finance Costs

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank borrowings		
— wholly repayable within five years	**5,498**	8,546
— not wholly repayable within five years	**279**	—
Interest on other loans wholly repayable within five years	**2,055**	1,232
Interest on convertible note classified as liabilities at fair value through profit or loss	**—**	2,491
	7,832	12,269

5. Taxation

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Tax charge comprises:		
PRC Enterprise Income Tax	**433**	323
Deferred Taxation	**16,901**	3,020
Tax charge attributable to the Group	**17,334**	3,343

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the current and prior periods.

The taxation charge of the PRC Enterprise Income Tax for the current and prior periods have been made based on the Group's estimated assessable profits calculated at the prevailing tax rates in accordance with the relevant income tax laws applicable to the subsidiaries in the PRC.

6. Profit for the Period

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Auditor's remuneration	**1,000**	1,000
Depreciation	**5,416**	4,348
Net loss on disposal of property, plant and equipment	**181**	3
Amortization of other asset	**—**	686
Operating lease rentals in respect of land and buildings	**1,678**	1,850
Staff costs including directors' remuneration and the retirement benefit costs of HK$2,872,000 (2008: HK$2,212,000)	**40,562**	39,933
And after crediting:		
Rental income under operating leases less outgoings of HK$895,000 (2008: HK$2,014,000)	**31,698**	30,239

7. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**193,450**	171,724
Effect of dilutive potential shares in respect of convertible notes:		
— loss on convertible note classified as liabilities at fair value through profit or loss	—	6,846
— finance costs	—	2,491
Earnings for the purpose of diluted earnings per share	**193,450**	181,061

	2009	2008
	In thousand	*In thousand*
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	**1,820,710**	1,820,710
Effect of dilutive potential ordinary shares from		
— convertible note	—	138,814
Weighted average number of shares for the purpose of diluted earnings per share	**1,820,710**	1,959,524

8. Dividend

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Final dividend of 2008, paid — HK$0.09 (2007: HK$0.08) per share	**163,864**	145,657

The Board has resolved not to recommend payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil).

9. Deemed Disposal of a Subsidiary

During the current period, a representative of the PRC shareholder of a subsidiary, Tai Zhou United East Petrochemical Company Limited, was appointed as an additional member to the board pursuant to the joint venture corporate memorandum. As a result of the change in board composition, the Group lost its control over the subsidiary, which was deemed to be disposed of. Thereafter, the subsidiary was reclassified as an associate of the Group.

	2009
Net assets of the subsidiary at the date of deemed disposal were as follows:	***HK$'000***
Property, plant and equipment	266,451
Inventories	66,400
Trade receivables	454
Other receivables	14,363
Tax recoverable	1,128
Bank balances and cash	52,279
Trade payables	(10,387)
Other payables	(18,772)
Borrowings	(133,334)
Deferred tax liabilities	(1,712)
Minority interests	(118,435)
Group's share of net assets disposed	118,435
Satisfied by:	
Reclassify to interest in associates	118,435
Net cash outflow arising on disposal:	
Bank balances and cash disposed	(52,279)

The subsidiary deemed to be disposed of has no significant contribution to the group's operating results for the current period.

10. Trade Receivables

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables at the end of the reporting periods:

	30 June 2009 *HK$'000*	31 December 2008 *HK$'000*
0 to 30 days	**3,232**	2,322
31 to 90 days	**5,051**	3,172
91 to 180 days	**5,157**	3,069
181 to 360 days	**1,656**	3,231
	15,096	11,794

11. Available-for-sale Investments

Amount represents strategic investments made by the Group in certain PRC enterprises which have potential for separate listing. Some of them have already been listed successfully. The businesses of these enterprises include, but not limited to power, banking, financial services and information technology.

12. Trade Payables

The following is an aged analysis of trade payables at the end of the reporting periods:

	30 June 2009 *HK$'000*	31 December 2008 *HK$'000*
0 to 30 days	**15,914**	33,401
31 to 90 days	**13,352**	18,333
91 to 180 days	**12,354**	14,563
181 to 360 days	**65,250**	19,184
Over 360 days	**—**	28,352
	106,870	113,833

REVIEW OF RESULTS

Profit attributable to owners of the Company for the half-year period ended 30 June 2009 increased by 13% to HK$193.5 million (2008: HK$171.7 million). Earnings per share also increased by 13% to HK$0.106 (2008: HK$0.094).

The increase in profit attributable to owners of the Company was mainly a net effect of the ups and downs in the following major income sources.

In light of the prominent recovery of the stock market during the current period, the market values of the Group's listed investment increased significantly. As a result, the Group recorded a fair value gain of approximately HK$64.5 million in aggregate for the current period whereas there was a fair value loss of approximately HK$27.4 million in aggregate for the previous period. The favorable growth of the property market during the current period also led to an increase of approximately HK$59.2 million in aggregate in the valuation gains of leasehold properties and investment properties.

The effect of the aforesaid increases has more than compensated the decrease in the share of results of associates in the amount of HK$56.3 million due to ceasing of business of CII Limited ("CII") which barely contributes any profit to the Group and the decrease in net exchange gain attributable to RMB in the amount of HK$54.7 million due to decrease in average balance of RMB denominated monetary assets.

BUSINESS REVIEW & PROSPECTS

Property Investments, Development and Management

The revenue of the Group's property leasing business and property management business were relatively stable during the current period.

After the balance sheet date, the Group aborted its investment in the redevelopment project "Zi You Xiao Zhen" by disposing of its 22.62% equity interest in 北京君合百年房地產開發有限公司("君合百年") at a consideration of approximately RMB134.5 million (equivalent to approximately HK$149.5 million). A gain on disposal in the amount of approximately HK$93.2 million (subject to audit) was recognized and will be included in the profit for the second half-year of 2009. The Board was aware that the controlling shareholder of 君合百年 has liquidity problem which will inevitably affect the next stages of development of "Zi You Xiao Zhen" to a certain extent. In the opinion of the Board, by aborting the project, the Group could get out of the prevailing uncertain situation and get back the funds invested in 君合百年 for investing in other more promising investment opportunities.

For the period ended 30 June 2009, the Group had injected approximately RMB266.0 million in aggregate (equivalent to approximately HK$301.2 million) as registered capital and shareholder's loan contribution to Cinda Jianrun as previously agreed. Cinda Jianrun is currently negotiating for a property development opportunity with a site area of approximately 300,000 square meters located in the Chao Yang District of Beijing.

Infrastructure Investments

CII barely contributes any material profit to the Group for the current period (2008: HK$57.8 million) due to the reason that CII has been liquidating its assets and investments during the current period pursuant to its shareholders' decision to close down the company.

Petrochemical Operations

This is a new business segment acquired in late 2008. Its principal activities include the operation of crude oil storage tanks, crude oil loading and unloading terminal, crude oil refinery and the production of an organic solvent methyl ethyl ketone and bitumen as major oil refinery by-products.

During the current period, the international crude oil prices dropped to a relatively reasonable level which enables the oil refinery business to operate at a profit margin. The net profit attributable to the Group was approximately RMB24.9 million (equivalent to approximately HK$28.2 million). However, due to the absorption of other administrative expenses, the petrochemical operations did not contribute material profit to the Group during the current period. The Board believes that profit contribution from the petrochemical operations will has prominent improvement in the future unless the crude oil prices suddenly surge to a high price level.

Financial Investments

Distressed Assets Business

The Huarong Portfolio

There was no material improvement in the progress of the disposal of the Huarong Portfolio during the current period. For the time being, the Board is negotiating with China Huarong Asset Management Corporation to figure out a proper treatment for the remaining distressed assets in the Huarong Portfolio. Nevertheless, the Board will endeavor to settle the Huarong Portfolio by the end of 2009.

The Orient Portfolio

Revenue contributed from the Orient Portfolio for the period ended 30 June 2009 was HK$1.1 million (2008: HK$22.8 million). The decrease in revenue was due to and was in line with the decrease in the amount of distressed assets outstanding and pending disposal. As at 30 June 2009, the cumulative cash recoveries of the Orient Portfolio was approximately RMB658.4 million (equivalent to approximately HK$745.6 million), representing a recovery rate of approximately 3.1%.

In 2008, the Group together with certain investors acquired a second portfolio of distressed assets (the "Second Orient Portfolio") owned by China Orient Asset Management Corporation. The acquisition was subject to approval by the relevant PRC authorities. The approval has been obtained after the balance sheet date. The Group's participating interest in the Second Orient Portfolio was approximately 46% with a cost of investment amounted to approximately HK$115.9 million. The Board anticipates that the Second Orient Portfolio will start generating cash flow and contribute profit to the Group in the second half-year of 2009.

Other Financial Investments

The Group made strategic investments in certain PRC enterprises. These enterprises are engaged in the businesses of power, banking, financial services and information technology and have potential for separate listing. Some of them have already been listed successfully. The Group will realize these strategic investments at appropriate time. As at 30 June 2009, the carrying value of these strategic investments amounted to approximately HK$446.2 million in aggregate (as at 31 December 2008: approximately HK$435.3 million).

GROWTH STRATEGIES

The Board is considering various investment opportunities in the natural resources sector for the purpose of extending the source of recurring earnings and expanding the magnitude of recurring earnings of the Group.

FINANCIAL REVIEW

Exchange Exposure & Hedging

The Group's principal assets, liabilities, revenue and payments are denominated in HKD and RMB. Moreover, the Board is capable of maintaining a net monetary asset position denominated in RMB for the Group. Therefore, the Board is confident that the Group's exposure to exchange rate fluctuations in respect of RMB will not have material adverse effect on the financial position of the Group in light of the continuous and mild appreciation of the RMB to HKD exchange rate.

Except for the above, as at 30 June 2009, the Group has no material liability denominated in other foreign currency. There was also no hedging transaction contracted for by the Group during the current period.

Working Capital & Borrowings

The Group's total borrowings as at 30 June 2009 amounted to approximately HK$684.6 million in aggregate. The composition of these borrowings is summarized as below:

	HK$'m	*Percentage*
Short term borrowings	309.2	45%
Long term borrowings	375.4	55%
	684.6	100%

Interests for all borrowings were charged at floating rates ranging from 2.17% to 4.86% per annum.

As at the balance sheet date, the Group's net borrowings and net current assets were approximately HK$203.3 million and approximately HK$1,668.5 million respectively. Bank balances and cash as at 30 June 2009 was approximately HK$481.3 million. In view of the Group's strong working capital base and the relatively low level of net borrowings, the Board is confident that the Group has adequate working capital to meet daily operations and also the Group has a sound and good financial position.

As at the balance sheet date, the Gearing Ratio and Current Ratio of the Group were approximately 14% (2008: 12%) and 3.2x (2008: 2.9x) respectively.

During the current period, the Company early redeemed its convertible note with a principal amount of US$52.5 million (equivalent to approximately HK$409.5 million) at a 5% discounted consideration of approximately US$49.9 million (equivalent to approximately HK$389.2 million). All accrued interests on convertible note amounting to approximately HK$0.6 million were waived and recognized as other income for the current period.

During the current period, the board composition of a subsidiary engaged in petrochemical operations was changed. Consequently, the Group lost its control over the subsidiary, which was then reclassified as an associate. Due to this reason, the balances of certain major items in the consolidated statement of financial position (such as property, plant and equipment, inventories and minority interest) decreased significantly. On the other hand, interest in associates increased significantly for the same reason.

The decrease in bank balances and cash and the increase in borrowings were mainly due to utilization of working capital for the payment of dividends and the redemption of the convertible note amounted to approximately HK$553.1 million in aggregate during the current period.

Capital Structure

As at 30 June 2009, the shareholders' fund of the Group was approximately HK$4,953.8 million and has increased by approximately HK$84.2 million or 2% compared to that as at 31 December 2008.

During the current period, the Company paid approximately HK$163.9 million to shareholders of the Company as final dividend for the year ended 31 December 2008, which has an effect of reducing the overall capital.

Human Resources

There is no material change in the number of employees during the first half year of 2009. The Group offers its employees competitive remuneration packages, which are consistent with the prevailing market practices. The Group's remuneration policies remain unchanged during the current period. Total staff costs for the current period was approximately HK$40.6 million (2008: approximately HK$39.9 million).

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim results.

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") contained in Appendix 10 of the Listing Rules.

On specific enquiries made, all directors have confirmed that, in respect of the accounting period covered by the interim results, they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

The consolidated financial statements and the interim results for the six months ended 30 June 2009 were unaudited but have been reviewed, accepted and approved by the Audit Committee.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

The capital commitments of the Group as at 30 June 2009 were approximately HK$389.5 million which mainly represented the shareholder's loan not yet injected to Cinda Jianrun.

The Group did not incur any new contingent liability, which is material during the current period.

FINANCIAL ASSISTANCE GIVEN TO AFFILIATED COMPANIES

As at 30 June 2009, the aggregate amount of advances made by the Group to its affiliated companies exceeded 8% of the Assets Ratio. The advances are as follows:

	Advances
	HK$'000
君合百年	506,166
Beijing East Bay Investment Consultants Limited	280,114
科馬印象實業有限公司	18,061
	804,341

On 4 September 2009, 君合百年 made full settlement of the advances owed to the Group. Following this settlement, the aggregate amount of advances made by the Group to its affiliated companies has dropped to a level below 8% of the Assets Ratio.

INTERIM FINANCIAL REPORT

The Interim Financial Report will be dispatched to shareholders and published on the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.silvergrant.com.hk) in due course.

APPRECIATION

On behalf of the Board, I would like to express my appreciation and gratitude to our shareholders for their support and all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goal.

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

Hong Kong, 18 September 2009

As at the date of this announcement, the Board comprises Mr. Gao Jian Min (Managing Director), Mr. Liu Tianni (Deputy Managing Director), Mr. Gu Jianguo, Mr. Tang Baoqi and Mr. Chow Kwok Wai as executive directors, Mr. Chen Xiaozhou (Chairman), Mr. Hui Xiao Bing (Vice Chairman) and Mr. Yuen Wing Shing as non-executive directors and Mr. Kang Dian, Mr. Zhang Lu and Mr. Hung Muk Ming as independent non-executive directors.