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 2010

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 (collectively the "Group") for the six months ended 30 June 2010 as follows:

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2010 (Unaudited)

		Six months ended 30 June	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Property management fee income	*2*	**51,669**	63,044
Rental income	*2*	**25,882**	32,593
		77,551	95,637
Cost of sales		**(37,266)**	(41,935)
		40,285	53,702
Income from investment in distressed assets through establishment of a special purpose vehicle	*2*	**26,464**	1,108
Dividend income from listed securities	*2*	**9,511**	2,548
Other income, gains and losses	*3*	**70,946**	91,922
Change in fair value of held-for-trading investments		**(24,934)**	64,546
Administrative expenses		**(53,039)**	(58,230)
Reversal of revaluation deficit of leasehold properties		**2,055**	4,645
Change in fair value of investment properties		**34,906**	68,160
Change in fair value of structured finance securities		**(4,315)**	(1,469)
Finance costs	*4*	**(8,389)**	(7,832)
Share of results of associates		**52,506**	2,629
Share of results of jointly controlled entities		**5,451**	(9,934)
Profit before taxation		**151,447**	211,795
Taxation charge	*5*	**(17,083)**	(17,334)
Profit for the period	*6*	**134,364**	194,461
Attributable to:			
Owners of the Company		**131,734**	193,450
Non-controlling interests		**2,630**	1,011
		134,364	194,461
Earnings per share (in HK dollar)	*7*		
— Basic		**0.063**	0.106

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010 (Unaudited)

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period	**134,364**	194,461
Other comprehensive income		
Exchange difference arising on translation	**—**	40,502
Fair value gain arising on revaluation of available-for-sale investments	**455,947**	4,718
Gain arising on revaluation of leasehold properties	**9,688**	10,447
Income tax relating to components of other comprehensive income	**(1,652)**	(1,412)
Share of other comprehensive income of associates	**—**	1,958
Other comprehensive income for the period (net of tax)	**463,983**	56,213
Total comprehensive income for the period	**598,347**	250,674
Total comprehensive income attributable to:		
Owners of the Company	**439,688**	248,047
Non-controlling interests	**158,659**	2,627
	598,347	250,674

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	Unaudited At 30 June 2010 HK$'000	Audited At 31 December 2009 HK$'000
ASSETS			
Non-current assets			
Investment properties		**2,323,418**	2,288,512
Property, plant and equipment		**230,638**	223,198
Land use rights		**26,498**	26,785
Goodwill		**7,001**	7,001
Interest in associates		**1,338,202**	132,951
Interest in jointly controlled entities		**203,846**	198,396
Structured finance securities		**4,727**	9,042
Available-for-sale investments	*10*	**538,762**	435,494
Loan receivables		**—**	339,751
Deposits, prepayments and other receivables		**146,033**	142,111
		4,819,125	3,803,241
Current assets			
Inventories, at cost		**278**	298
Investment in distressed assets through establishment of a special purpose vehicle		**170,664**	144,201
Held-for-trading investments		**105,328**	132,816
Trade receivables	*9*	**17,625**	10,118
Deposits, prepayments and other receivables		**195,669**	115,074
Amounts due from associates		**637,585**	102,397
Amount due from jointly controlled entities		**70,844**	98,080
Loan receivables		**233,603**	111,975
Available-for-sale investments	*10*	**571,463**	—
Bank balances and cash		**709,667**	1,979,724
		2,712,726	2,694,683
TOTAL ASSETS		**7,531,851**	6,497,924

	Notes	Unaudited At 30 June 2010 *HK$'000*	Audited At 31 December 2009 *HK$'000*
EQUITY			
Capital and reserves			
Share capital		**436,970**	364,142
Reserves		**5,672,415**	4,805,276
Equity attributable to Owners of the Company		**6,109,385**	5,169,418
Non-controlling interests		**251,846**	93,187
TOTAL EQUITY		**6,361,231**	5,262,605
LIABILITIES			
Non-current liabilities			
Borrowings		**196,179**	285,731
Deferred tax liabilities		**113,817**	103,497
		309,996	389,228
Current liabilities			
Trade payables	*11*	**113,156**	99,200
Accrued charges, rental deposits and other payables		**194,761**	397,988
Amounts due to an associate		**—**	22,789
Borrowings		**405,587**	179,058
Taxation payable		**147,120**	147,056
		860,624	846,091
TOTAL LIABILITIES		**1,170,620**	1,235,319
TOTAL EQUITY AND LIABILITIES		**7,531,851**	6,497,924
Net current assets		**1,852,102**	1,848,592
Total assets less current liabilities		**6,671,227**	5,651,833

NOTES:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited consolidated financial statements for the half-year ended 30 June 2010 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). These unaudited consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

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 applied in preparing these consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

The Group has adopted the following relevant new and revised Hong Kong Financial Reporting Standards ("HKFRS"), amendments and interpretations issued by the HKICPA, which are effective from 1 January 2010:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — INT 17	Distributions of Non-cash Assets to Owners

The application of HKFRS 3 (Revised) had affected the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) affected the accounting treatment for changes in the Group's ownership interest in a subsidiary. The adoption of the other new and revised standards, amendments or interpretations had no material impact on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[1]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) — INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) — INT 19	Extinguishing Financial Liabilities with Equity Instrument[2]

1 Effective for annual periods beginning on or after 1 February 2010.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Revenue is analysed as follows:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Property management fee income	**51,669**	63,044
Rental income	**25,882**	32,593
Income from investment in distressed assets through establishment of a special purpose vehicle	**26,464**	1,108
Dividend income from listed securities	**9,511**	2,548
	113,526	99,293

The Group is currently organized into six operating divisions: distressed assets business, investments (including the results from held-for-trading investments, available-for-sales investments, structured finance securities and loan receivables), sales of properties, property leasing, property management and production and trading of petrochemical products. These operating divisions are the basis of the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by operating segments:

	Six months ended 30 June 2010						
	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*	Consolidated *HK$'000*
Revenue	26,464	9,511	—	25,882	51,669	—	113,526
Results							
Segment profit (loss)	26,438	7,412	(177)	41,218	1,141	(2,560)	73,472
Other unallocated income, gains and losses							42,267
Reversal of revaluation deficit of leasehold properties							2,055
Corporate expenses							(15,915)
Finance costs							(8,389)
Share of results of associates							52,506
Share of results of jointly controlled entities							5,451
Profit before taxation							151,447

	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*	Consolidated *HK$'000*
Revenue	1,108	2,548	—	32,593	63,044	—	99,293
Results							
Segment profit (loss)	(7,811)	74,365	(338)	86,129	4,006	(1,208)	155,143
Other unallocated income, gains and losses							81,715
Reversal of revaluation deficit of leasehold properties							4,645
Corporate expenses							(14,571)
Finance costs							(7,832)
Share of results of associates							2,629
Share of results of jointly controlled entities							(9,934)
Profit before taxation							211,795

3. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Interest income		
— bank deposits	**6,019**	5,705
— available-for-sale investments	**3,169**	—
— jointly controlled entities	**263**	1,242
— associates	**28,836**	44,585
— loan receivables	**24,114**	8,878
— others	**6,601**	101
Commission income	**1,396**	1,330
Net loss on disposal of property, plant and equipment	**(4)**	(181)
Net foreign exchange (loss) gain	**(2,982)**	28,541
Others	**3,534**	1,721
	70,946	91,922

4. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowings		
— wholly repayable within five years	**6,882**	5,498
— not wholly repayable within five years	**252**	279
Interest on other loans wholly repayable within five years	**1,255**	2,055
	8,389	7,832

5. TAXATION

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Tax charge comprises:		
PRC Enterprise Income Tax	**8,415**	433
Deferred Taxation	**8,668**	16,901
Taxation charge attributable to the Company and its subsidiaries	**17,083**	17,334

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

The taxation charge of the PRC Enterprise Income Tax for the current and the 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	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Auditor's remuneration	**990**	1,000
Amortization of land use rights	**287**	—
Depreciation	**5,794**	5,416
Operating lease rentals in respect of land and buildings	**1,527**	1,678
Staff costs including directors' remuneration and the retirement benefit costs of HK$3,479,000 (2009: HK$2,872,000)	**33,600**	40,562
And after crediting:		
Rental income under operating leases less outgoings of HK$408,000 (2009: HK$895,000)	**25,474**	31,698

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**131,734**	193,450

	2010	2009
	In thousand	*In thousand*
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	**2,104,377**	1,820,710

8. DIVIDEND

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Dividend recognised as distribution during the period:		
Final dividend of 2009, paid — HK$0.10 (2009: Final dividend of 2008 — HK$0.09) per share	**218,485**	163,864

The Board has resolved not to recommend payment of any interim dividend for the six months ended 30 June 2010 (2009: Nil).

9. 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 net of allowance for doubtful debts presented based on the invoice date at the end of the reporting periods:

	30 June 2010	31 December 2009
	HK$'000	*HK$'000*
0 to 30 days	**3,146**	2,303
31 to 90 days	**4,112**	3,119
91 to 180 days	**4,540**	2,876
181 to 360 days	**2,460**	1,820
Over 360 days	**3,367**	—
	17,625	10,118

10. 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.

11. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	30 June 2010	31 December 2009
	HK$'000	*HK$'000*
0 to 30 days	**14,111**	13,591
31 to 90 days	**9,470**	8,958
91 to 180 days	**11,810**	9,614
181 to 360 days	**77,311**	11,995
Over 360 days	**454**	55,042
	113,156	99,200

REVIEW OF RESULTS

Profit attributable to Owners of the Company for the half-year period ended 30 June 2010 decreased by 32% to HK$131.7 million (2009: HK$193.5 million). Basic earnings per share also decreased by 41% to HK$0.063 (2009: HK$0.106). A larger decrease in basic earnings per share was due to the dilution effect caused by the issuing of 20% new shares during the period.

The decrease was mainly attributable to the reasons set out below:

Fair value gains in respect of investment properties and leasehold properties decreased by HK$35.8 million in aggregate to HK$37.0 million (2009: HK$72.8 million).

Held-for-trading investments recognized realized and unrealized losses of HK$24.9 million in aggregate whereas there were realized and unrealized gains of HK$64.5 million in aggregate in the previous period. The effect led to decrease in profit for the period by HK$89.4 million.

Share of results of associates increased by HK$49.9 million to HK$52.5 million (2009: HK$2.6 million). The increase was due to increased profit contribution from Zhong Hai You Qi. Comparing to that of the previous period, the operating margin of refinery and processing has improved in light of a relatively lower average crude oil price.

BUSINESS REVIEW & PROSPECTS

Property Investments, Development and Management

Rental income for the current period amounted to approximately HK$25.9 million (2009: HK$32.6 million). The decrease in rental income was mainly due to the fact that the Group had deliberately vacated the units on the south apartment block of East Gate Plaza for the purpose of disposing the units on the south apartment block to retail customers. The Group was able to relocate some but not all of the tenants of the units on the south apartment block to the unit on the north apartment block to minimize tenancy loss.

Natural Resources Venture

The Group completed its investment in Guoyang Tiantai in March 2010. Pursuant to the Capital Increase agreement, the Group has injected RMB980.0 million (equivalent to approximately HK$1,107.4 million) to Guoyang Tiantai as its paid up registered capital, representing an equity interest of 49%.

Guoyang Tiantai is principally engaged in the consolidation, exploitation, utilization, investment and construction projects in respect of coal resources. By investing in Guoyang Tiantai, the Group may extend its business to the coal resources sector in the PRC, thereby diversify the source of income and increase the financial returns of the Group.

Up to 30 June 2010, Guoyang Tiantai has not commenced any significant business. However, Guoyang Tiantai is currently working vigorously for the acquisition of certain coal resources projects.

Financial Investments

Distressed Assets Business

The Orient Portfolio

Profit contribution from the Second Orient Portfolio amounted to approximately HK$15.1 million (2009: nil). The Second Orient Portfolio started to generate contribution only in the second half year of 2009 upon completion of the acquisition of the Second Orient Portfolio in the second half year of 2009.

Other Financial Investments

The Group strategically invested, directly and indirectly, in certain PRC enterprises. These enterprises have good potential for separate listing. Some of them have already been listed. As at 30 June 2010, the carrying value of these strategic investments amounted to approximately HK$1,110.2 million in aggregate (as at 31 December 2009: HK$435.5 million) with individual allocation detailed below:

	Unaudited At 30 June 2010 *HK$ million*	Audited At 31 December 2009 *HK$ million*
Winsway Coking Coal	**195.0**	—
CUP	**105.3**	105.3
SINOMA	**63.5**	63.5
Bai Nian De Cheng	**90.6**	63.4
Zqgame	**449.0**	58.9
China XD Electric	**122.5**	56.6
China New Material	**40.0**	40.0
BBMG	**37.1**	37.1
Others	**7.2**	10.7
	1,110.2	435.5

Winsway Coking Coal

On 30 March 2010, the Company invested USD25.0 million (equivalent to HK$195.0 million) in the convertible bond of Winsway Coking Coal. The Company has the right to convert all or part of the convertible bond into the then listed securities upon the listing of Winsway Coking Coal in accordance with agreed covenants. Winsway Coking Coal is a conglomerate platform enterprise engaged in the businesses of coal import, cross-border coal logistic (mainly across the borders of China-Mongolia and China-Russia) and equipment developments and operations, selection processing and trading.

Winsway Coking Coal has decided to apply to list its securities on the main board of the Stock Exchange and has commenced its IPO proceedings in June 2010.

Zqgame

The Group has a beneficial interest in approximately 11.7 million (increased by 2.7 million shares after a 3 for 10 bonus issue on 6 May 2010) A shares of Zqgame. As at 30 June 2010, based on a market price of RMB20.33 per share, the estimated unrealized gain approximates to HK$234.0 million in aggregate. However, the Group's A shares are subjected to a one-year lock-up period ending on 10 February 2011. The Group can only recognize the gains, which amount may be significantly different from the current estimation, upon selling of the A shares after the lock-up period. Compared with the balance as at 31 December 2009, the significant increase in the carrying amount was due to the effect of the above said unrealized gains.

China XD Electric

The Group is beneficially interested in approximately 16.7 million A shares of China XD Electric. As at 30 June 2010, based on a market price of RMB6.5 per share, the estimated unrealized gain approximates to HK$65.9 million in aggregate. However, the Group's A shares are subjected to a one-year lock-up period ending on 27 January 2011. The Group can only recognize the gains, which amount may be significantly different from the current estimation, upon selling of the A shares after the lock-up period. Compared with the balance as at 31 December 2009, the increase in the carrying amount was due to the effect of the above said unrealized gains.

There is no significant change in the remaining strategic investments during the period.

GROWTH STRATEGIES

The Board has decided to concentrate its effort on investing in the natural resources and energy sectors. Currently, the Group is considering certain investment opportunities in coal, power and petrochemical projects for the purpose of extending the source of recurring income and expanding the magnitude of recurring earnings of the Group.

The Group has an intention to expand the business scale of the existing petrochemical projects by strengthening the utilization of raw materials, expanding the deeper processing of raw material, manufacturing of high market demand products and to extend the products line. Amongst which, TZ United East has intention to construct a 1.0 million tons heavy oil production facility, Zhong Hai You Qi has intention to expand its oil refinery capacity by 3.0 million tons and to construct a 0.6 million tons lubricant oil facility. By expanding the production capacity, the Group can enjoy the benefit of economic of scale which will eventually become a stable source of revenue and profit 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. In addition, the Board does not anticipate that there is any material exchange exposure in respect of other currencies.

At the end of the reporting period, the Group has no material liability denominated in other foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during the current period.

Working Capital & Borrowings

As at 30 June 2010, the Group's total borrowings amounted to approximately HK$601.8 million in aggregate. The composition of borrowings is summarized below:

	HK$'m	*Percentage*
Short term borrowings	405.6	67%
Long term borrowings	196.2	33%
	601.8	100%

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

As at 30 June 2010, the Group's cash and bank balances was HK$709.7 million in aggregate which is well in excess of total borrowings with a net cash position of approximately HK$107.9 million. Net current assets were approximately HK$1,852.1 million. In view of the Group's strong working capital base and having a relatively high level of net cash, the Board is confident that the Group has adequate working capital to fulfill daily operational usage and to finance future expansion. Moreover, the Group has a sound and strong financial position.

As at 30 June 2010, the Gearing Ratio and Current Ratio of the Group were 9.8% (2009: 14%) and 3.2x (2009: 3.2x) respectively.

Interest in Associates/Amount due from Associates

The significant increases in the carrying amounts was mainly due to the investment in the new associate Guoyang Tiantai to which the Group had injected RMB980.0 million (equivalent to approximately HK$1,107.4 million) cash as its registered capital contribution during the current period. The Group also increased working capital funding to certain associates during the current period.

Available-for-sale Investments

The significant increase in the aggregated carrying value of available-for-sale investments (including current and non-current items) was mainly due to the new investment in the convertible bond of Winsway Coking Coal and the prominent appreciation of both investments in Zqgame and China XD Electric after their respective listing.

Bank Balances and Cash

The significant decrease in bank balances and cash was mainly due to injection of approximately HK$1,107.4 million to Guoyang Tiantai as its registered capital contribution and approximately HK$195.0 million paid in the acquisition of the Winsway Coking Coal convertible bond.

Accrued charges, Rental deposits and Other payables

The decrease was due to settlement of HK$197.5 million which was included in other payables as at 31 December 2009. The amount represented cash collected from the distressed assets of the Second Orient Portfolio by the Group on behalf of the other investors under the joint investment contracts.

Capital Structure

As at 30 June 2010, the shareholders' fund of the Group was HK$6,109.4 million and has increased by HK$940.0 million or 18% compared to that as at 31 December 2009. The increase in capital was mainly due to the proceeds received from the issuing of new shares and the profit for the current period retained which was partially reduced by the payment of dividends during the current period.

During the current period, the Company paid approximately HK$218.5 million to shareholders of the Company as final dividends for the year ended 31 December 2009, which has an effect of reducing the overall capital.

On 10 February 2010, the Company issued 364,140,000 new shares at the price of HK$2.00 per share to CGNPC International Limited and raised a net proceed of approximately HK$718.8 million and increased the overall capital.

Human Resources

There is no material change in the number of employees during the first half year of 2010. The Group offers its employees competitive remuneration packages, which are consistent with the prevailing market practice. The Group's remuneration policies remain unchanged during the current period. Total staff costs for the current period was approximately HK$33.6 million (2009: HK$40.6 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 financial report except for CG Code provision E.1.2. CG Code E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to the fact that the Chairman of the Board was out of town, he did not attend the annual general meeting of the Company held on 26 May 2010. The Chairman of the Board will endeavor to attend all future annual general meeting of the Company unless unexpected or special circumstance preventing him from doing so.

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 financial report, 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 2010 were unaudited but have been reviewed, accepted and approved by the Audit Committee on 27 August 2010.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

CAPITAL COMMITMENTS

As at 30 June 2010, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES

After the reporting period on 10 August 2010, a subsidiary of the Company received a High Court writ of summons issued by Mr. Tang Yu Lap ("Mr. Tang") and Hantec Holdings Investment Limited ("Hantec Holdings") (Formerly known as Hantec Holdings Limited) against Sinoday Limited ("Sinoday"), Cinda International Holdings Limited ("Cinda International") and Silver Grant International Securities Investment Limited ("SGISIL"), which is a wholly owned subsidiary of the Company (the "Writ"). The plaintiffs alleged that, in breach of the Sales and Purchase Agreement dated 13 August 2008 signed between the plaintiffs and the defendants, Cinda International settled with the Securities and Futures Commission ("SFC") regarding the compliances issues of Hantec International Limited ("HIL"). In the Writ, Mr. Tang claim against Sinoday, SGISIL and Cinda International for HK$700,000 being his remuneration of being a responsible officer for an asset management company of Cinda International since 28 May 2009, service charge of HK$50,000 per month from issue of the Writ and further damages in reputation. Hantec Holdings also claims for damages of losing chance challenging the allegations of the SFC against two responsible officers and HIL and in goodwill, but no specific amount of damages was stated in the Writ. SGISIL has engaged a firm of solicitors to defend the action. Based on preliminary assessment, the Board is satisfied that the alleged claim has no ground and the threaten litigation will not have material adverse effect to the Group.

CHANGE SINCE 31 DECEMBER 2009

There were no other significant changes in the Group's financial position and from the information disclosed under the Management Discussion and Analysis in the annual report for the year ended 31 December 2009.

EMPLOYMENT CONTRACT

On 27 August 2010, the Company entered into an employment contract with Mr. Li Xianli ("Mr. Li") pursuant to which Mr. Li will serve as a deputy general manager of the Company with effect from 1 September 2010. Mr. Li is currently an executive director of the Company. The emoluments of Mr. Li include a fixed salary of HK$77,000 per month and annual bonus of a sum to be determined by the Board at its absolute discretion having regard to the operating results of the Group and the individual's performance. The employment contract can be terminated by either the Company or Mr. Li by giving to the other party three months' notice in writing or paying three months' salary in lieu of such notice.

The emoluments of Mr. Li are determined in accordance with his qualification, experience and the prevailing market conditions.

INTERIM FINANCIAL REPORT

The Interim Financial Report 2010 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, 27 August 2010

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