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SILVER GRANT INTERNATIONAL HOLDINGS GROUP LIMITED
銀建國際控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 171)

2019 INTERIM RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of Silver Grant International Holdings Group 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 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	(Unaudited) Six months ended 30 June 2019 HK$'000	(Unaudited) (Restated) Six months ended 30 June 2018 HK$'000
Continuing operations			
Rental income	*3*	**55,604**	57,817
Cost of sales and services		**(5,317)**	(3,741)
		50,287	54,076
Dividend income from listed and unlisted securities	*3*	**85**	103
Other income, gains and losses	*5*	**56,857**	23,617
Change in fair value of financial assets at fair value through profit or loss		**(32,073)**	106,072
(Impairment loss provision) reversal of impairment loss provision		**(10,474)**	15,000
Administrative expenses		**(60,800)**	(44,444)
Change in fair value of investment properties		**17,794**	44,927
Finance costs	*6*	**(33,713)**	(26,755)
Share of results of associates		**6,010**	125,997
(Loss) profit before taxation		**(6,027)**	298,593
Taxation	*7*	**(9,892)**	(25,412)
(Loss) profit for the period from continuing operations	*8*	**(15,919)**	273,181
Discontinued operation			
Profit (loss) for the period from discontinued operation	*4*	**78,280**	(147,490)
Profit for the period		**62,361**	125,691

		(Unaudited)	(Unaudited) (Restated)
		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
(Loss) profit attributable to owners of the Company:			
— from continuing operations		**(6,966)**	242,734
— from discontinued operation		**53,285**	(99,569)
Profit attributable to owners of the Company		**46,319**	143,165
(Loss) profit attributable to non-controlling interests:			
— from continuing operations		**(8,953)**	30,447
— from discontinued operation		**24,995**	(47,921)
Profit (loss) attributable to non-controlling interests		**16,042**	(17,474)
		62,361	125,691
Earnings (loss) per share (in HK cents)			
From continuing and discontinued operations			
— Basic	*9*	**2.01**	6.21
From continuing operations			
— Basic	*9*	**(0.30)**	10.53

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Profit for the period	**62,361**	125,691
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Gain arising on revaluation of leasehold properties	**2,535**	21,533
Exchange differences arising on translation to presentation currency	**(33,694)**	(82,776)
Income tax related to items that will not be reclassified	**53**	(3,119)
	(31,106)	(64,362)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive expense of associates	**(2,200)**	(10,086)
	(2,200)	(10,086)
Other comprehensive expense for the period (net of tax)	**(33,306)**	(74,448)
Total comprehensive income for the period	**29,055**	51,243
Total comprehensive income (expense) attributable to:		
Owners of the Company	**19,449**	73,174
Non-controlling interests	**9,606**	(21,931)
	29,055	51,243

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**(Unaudited) As at 30 June 2019 *HK$'000***	(Audited) As at 31 December 2018 *HK$'000*
ASSETS			
Non-current assets			
Investment properties		**2,529,041**	2,522,430
Property, plant and equipment		**329,177**	3,783,615
Land use rights		**—**	178,435
Goodwill		**—**	39,462
Interests in associates		**1,335,250**	1,335,113
Deposits for acquisition of distressed asset portfolio		**115,909**	—
Financial assets at fair value through profit or loss		**162,069**	228,810
Loan receivables		**271,834**	277,515
		4,743,280	8,365,380
Current assets			
Inventories		**—**	93,340
Trade receivables	*11*	**7,715**	68,058
Deposits, prepayments and other receivables		**139,235**	343,946
Amounts due from an associate		**496,677**	383,684
Loan receivables		**663,508**	653,888
Financial assets at fair value through profit or loss		**686,848**	576,985
Pledged bank deposits		**—**	322,432
Restricted bank balances		**—**	40,056
Bank balances and cash		**483,258**	497,244
		2,477,241	2,979,633
Assets classified as held for sale		**4,223,034**	—
		6,700,275	2,979,633
TOTAL ASSETS		**11,443,555**	11,345,013

	Note	(Unaudited) As at 30 June 2019 HK$'000	(Audited) As at 31 December 2018 HK$'000
EQUITY			
Capital and reserves			
Share capital		**3,626,781**	3,626,781
Reserves		**3,138,145**	3,121,978
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale		**3,282**	—
Equity attributable to owners of the Company		**6,768,208**	6,748,759
Non-controlling interests		**864,053**	854,447
TOTAL EQUITY		**7,632,261**	7,603,206
LIABILITIES			
Non-current liabilities			
Borrowings		**579,545**	1,200,254
Deferred tax liabilities		**253,877**	253,103
		833,422	1,453,357
Current liabilities			
Trade and bills payables	*12*	—	11,955
Accrued charges, rental deposits and other payables		**248,179**	520,901
Borrowings		**1,400,704**	1,723,536
Taxation payable		**727**	32,058
		1,649,610	2,288,450
Liabilities associated with assets classified as held for sale		**1,328,262**	—
		2,977,872	2,288,450
TOTAL LIABILITIES		**3,811,294**	3,741,807
TOTAL EQUITY AND LIABILITIES		**11,443,555**	11,345,013
Net current assets		**3,722,403**	691,183
Total assets less current liabilities		**8,465,683**	9,056,563

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as 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").

The financial information relating to the year ended 31 December 2018 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments and interpretation to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments and interpretation to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 — 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17") and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the recognition exemption for lease of low-value assets. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, if any.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment properties as a separate line item in the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment properties are presented within "investment properties".

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease components on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application, if any, is recognised in the opening retained profits and comparative information has not been restated.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	Right-of-use assets *HK$'000*
Reclassified from prepaid lease payments	*(a)*	178,435
By class:		
Leasehold land		178,435

Note:

(a) Upfront payments for leasehold land in the People's Republic of China ("PRC") were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the prepaid lease payments amounting to HK$178,435,000 were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, with effect from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on a straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. In the opinion of the directors of the Company, the discounting on such refundable rental deposits received had no material impact on the condensed consolidated financial statements and, thus no adjustment was made as at 1 January 2019.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

3. REVENUE AND SEGMENT INFORMATION

Revenue from major products, investments and services is analysed as follows:

Continuing operations

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Rental income	**55,604**	57,817
Dividend income from listed and unlisted securities	**85**	103
	55,689	57,920

The Group is currently organised into two operating divisions: i) investments (including the results from loan receivables and financial assets at fair value through profit or loss) and ii) property leasing. These operating divisions form the basis of the internal reports containing components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, in order to allocate resources to segments and to assess their performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

As at 30 June 2019, as the directors of the Company were of the opinion that the proposed merger involving Tai Zhou United East Petrochemical Company Limited ("TZ United East"), Zhong Hai You Qi (Taizhou) Petrochemical Company Limited and China Offshore Bitumen (Taizhou) Co., Ltd. (the "Proposed Merger") was highly probable to be completed within twelve months from 30 June 2019, the trading of petrochemical products and provision of sub-contracting service of the Group was regarded as a discontinued operation in the current period.

The comparative segment revenue and results for the six months ended 30 June 2018 have been restated.

No segment assets or liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Segment revenue and results

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

	Investments	**Property leasing**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2019 (Unaudited)			
Continuing operations			
Revenue	**85**	**55,604**	**55,689**
Segment (loss) profit	**(8,441)**	**43,483**	**35,042**
Other unallocated income, gains and losses			**22,836**
Corporate expenses			**(36,202)**
Finance costs			**(33,713)**
Share of results of associates			**6,010**
Loss before taxation			**(6,027)**

	Investments	**Property leasing**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2018 (Restated) (Unaudited)			
Continuing operations			
Revenue	103	57,817	57,920
Segment profit	143,025	86,163	229,188
Other unallocated income, gains and losses			1,369
Corporate expenses			(31,206)
Finance costs			(26,755)
Share of results of associates			125,997
Profit before taxation			298,593

Segment (loss) profit represents the results of each segment without allocation of items which are not actively reviewed by the chief operating decision maker, including other unallocated income, gains and losses, comprising interest income other than those from an associate and loan receivables, change in fair value of certain financial assets at fair value through profit or loss, net foreign exchange loss, net gain on disposal of corporate property, plant and equipment and certain miscellaneous unallocated income. The unallocated corporate expenses, finance costs and share of results of associates are not allocated into individual segment as they are under central management. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operations are located in the PRC and Hong Kong. The Group's revenue from external customers is based on the location of the Group's operations to derive the revenue are detailed below:

Continuing operations

	Revenue	
	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Hong Kong	**620**	763
PRC	**55,069**	57,157
	55,689	57,920

4. DISCONTINUED OPERATION

The result of the discontinued operation (i.e. TZ United East) included in the profit (loss) for the period are set out below.

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Sales of petrochemical products	**5,656**	—
Sub-contracting income	**282,725**	247,073
	288,381	247,073
Cost of sales and services	**(207,088)**	(212,081)
	81,293	34,992
Other income, gains and losses	**909**	4,926
Change in fair value of financial assets at fair value through profit or loss	**89**	—
Administrative expenses	**(40,564)**	(50,346)
Other expenses *(Note)*	**(30,645)**	(71,169)
Finance costs	**(40,091)**	(65,893)
Loss before taxation	**(29,009)**	(147,490)
Taxation	**—**	—
Loss for the period	**(29,009)**	(147,490)
Change in fair value of financial assets at fair value through profit or loss arising from the Proposed Merger	**155,658**	—
Legal and professional fees incurred for the Proposed Merger	**(9,455)**	—
Taxation	**(38,914)**	—
Profit (loss) for the period from discontinued operation	**78,280**	(147,490)
Profit (loss) from discontinued operation attributable to:		
— Owners of the Company	**53,285**	(99,569)
— Non-controlling interests	**24,995**	(47,921)
	78,280	(147,490)

Note: The amount represents direct costs, such as wages, depreciation expenses, consumables and other direct attributable costs incurred by TZ United East during its suspension of production for inspection and maintenance of production plant.

Profit (loss) for the period from discontinued operation has been arrived at after charging (crediting):

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Depreciation for property, plant and equipment	**109,785**	120,600
Depreciation of right-of-use assets	**2,077**	—
Amortisation of prepaid lease payments	**—**	2,202
Cost of inventories recognised as an expense	**5,656**	—
Staff costs including directors' and chief executive's remuneration	**39,591**	38,368

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interest income		
— bank deposits	**2,018**	729
— amounts due from an associate	**11,479**	13,043
— loan receivables	**42,542**	9,205
Net foreign exchange loss	**(14)**	(103)
Net gain on disposal of property, plant and equipment	**—**	14
Government rates concession	**16**	14
Others	**816**	715
	56,857	23,617

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interest on bank loans wholly repayable within five years	**32,772**	22,820
Interest on other loans wholly repayable within five years	**941**	3,935
	33,713	26,755

7. TAXATION

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		(Restated)
Tax charge comprises:		
PRC Enterprise Income Tax — current tax	**7,166**	46,012
PRC Enterprise Income Tax — underprovision in prior periods	**—**	12,023
	7,166	58,035
Deferred taxation:		
— current period	**2,726**	(32,623)
	9,892	25,412

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from 2018, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong incurred tax losses for both periods.

The taxation charge of the PRC Enterprise Income Tax for both periods has been made based on the Group's estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiaries of the Company in the PRC.

The withholding tax arising from dividend income received from PRC subsidiaries of the Company is calculated at 5% in both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards.

8. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

(Loss) profit for the period from continuing operations has been arrived at after charging (crediting):

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Auditor's remuneration	**1,400**	1,400
Depreciation for property, plant and equipment	**6,383**	6,616
Staff costs including directors' and chief executive's remuneration	**24,297**	21,782
Rental income under operating leases for investment properties, less outgoings of HK$5,317,000 (six months ended 30 June 2018: HK$3,741,000)	**(50,287)**	(54,076)

9. EARNINGS (LOSS) PER SHARE

From continuing operations

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings (loss):		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**46,319**	143,165
Less: (Profit) loss for the period from discontinued operation attributable to owners of the Company	**(53,285)**	99,569
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	**(6,966)**	242,734

	Six months ended 30 June	
	2019	2018
	in thousand	*in thousand*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,304,850**	2,304,850

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**46,319**	143,165

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operation

Basic earnings per share for discontinued operation is HK2.31 cents (2018: Loss of HK4.32 cents) per share, based on the profit attributable to owners of the Company from the discontinued operation of HK$53,285,000 for the six months ended 30 June 2019 (2018: Loss of HK$99,569,000).

No diluted earnings per share for the six months periods ended 30 June 2019 and 2018 were presented as the Company had no potential ordinary shares for the six months ended 30 June 2019 and 2018.

10. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (2018: Nil).

11. TRADE RECEIVABLES

The Group allows a credit period of 30 to 60 days to its trade customers.

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
0 to 30 days	**18,901**	68,058

As at 30 June 2019, trade receivables of HK$11,186,000 belonged to TZ United East and were reclassified to assets classified as held for sale.

12. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables presented based on the invoice dates at the end of the reporting period:

	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
0 to 30 days	**8,009**	11,955

As at 30 June 2019, the entire trade and bills payables of HK$8,009,000 belonged to TZ United East and were reclassified to liabilities associated with assets classified as held for sale.

13. CAPITAL COMMITMENTS

	At 30 June 2019 *HK$'000* (Unaudited)	At 31 December 2018 *HK$'000* (Audited)
Capital commitments in respect of property, plant and equipment:		
— contracted for but not provided in the condensed consolidated financial statements *(Note a)*	**155,986**	110,192
Capital commitments in respect of unlisted equity securities:		
— contracted for but not provided in the condensed consolidated financial statements *(Note b)*	**170,455**	171,233

Notes:

(a) These commitments belonged to TZ United East.

(b) During the year ended 31 December 2015, the Group entered into a shareholders' agreement with several parties to incorporate a joint venture, namely Zhongxin Zhangbei Solar Energy Thermal Power Generation Co., Ltd. ("Solar Energy Thermal Power") to invest in a solar energy project. The total capital of Solar Energy Thermal Power would be RMB1,000,000,000 and the Group has committed to inject an aggregate of RMB150,000,000 (equivalent to HK$170,455,000) (31 December 2018: RMB150,000,000 (equivalent to HK$171,233,000)) into Solar Energy Thermal Power, which represents 15% of the equity interest thereof. As at 30 June 2019, the Group has not yet paid its committed amount.

BUSINESS REVIEW

On 28 November 2018, 泰州東聯化工有限公司 (Tai Zhou United East Petrochemical Company Limited*) ("TZ United East"), an indirect non-wholly owned subsidiary of the Company, 中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited*) ("Zhong Hai You Qi"), an associate of the Company, and 中海瀝青(泰州)有限責任公司 (China Offshore Bitumen (Taizhou) Co., Ltd.*) ("COBT"), entered into a merger agreement (the "Merger Agreement"), pursuant to which Zhong Hai You Qi will absorb and merge with TZ United East and COBT (the "Merger"). Upon completion of the Merger, Zhong Hai You Qi will be the surviving entity (the "Merged Enterprise"), and TZ United East and COBT will be dissolved and deregistered. The Company will own 51% of the equity interest in the Merged Enterprise through its indirect non-wholly owned subsidiary, 泰州東泰石化有限公司 (Tai Zhou Dong Thai Petrochemical Company Limited*) ("TZ Dong Thai") upon completion of the Merger.

During the first half of 2019, the Group has pushed forward the Merger. After obtaining the required approvals, including the approval at the second shareholders' meeting of Zhong Hai You Qi in 2019, the Merger was completed on 15 July 2019. Following the completion of the Merger, Zhong Hai You Qi has been jointly managed and operated by the Company and 中國海洋石油集團有限公司 (China National Offshore Oil Corporation*) under their respective subsidiaries, namely TZ Dong Thai and 中海石油煉化有限責任公司 and (CNOOC Refinery Co., Ltd.*) ("CRCL"), to leverage on their respective advantages as a private-run enterprise and a state-run enterprise in terms of performance incentives, innovative management, technological research and development and resource protection, which will raise the operating efficiency of Zhong Hai You Qi and further enhance its competitiveness. The Board intends to step up the Group's investments in technological transformation through Zhong Hai You Qi and increase the production capacity of Zhong Hai You Qi for high value-added products in the future to improve its operating profit margin in order to bring stable revenue contribution to the Group.

After the Merger, the production structure of Zhong Hai You Qi will be further optimised, and its product portfolio will be more resilient to market risk. It will have a crude oil processing capacity of 6 million tons per year, and a production capacity covering five categories of petroleum products, dozens of petrochemical products, a 50,000-ton oil loading and unloading terminal and a 30,000-ton petrochemical loading and unloading wharf. It will be engaged in the transit, delivery and receipt of raw materials and products, and will be one of the main production bases of comprehensive petrochemical products in the Yangtze River Delta region. Focusing on the medium-and long-term development, Zhong Hai You Qi will strive to upgrade its crude oil processing capacity to 8 million tons per year and develop in the direction of producing new chemical materials, with an aim to becoming one of the large and medium-sized high-end petrochemical industry bases in China.

* *English name is translated for identification purpose only*

Property Leasing and Development

During the six months ended 30 June 2019 (the "Period"), the property leasing business of the Group has maintained a steady growth which served as a source of recurring income for the Group. Revenue from this business was mainly derived from East Gate Plaza, an investment property of the Group in Beijing, which is comprised of a residential section and a commercial section, with an average occupancy rate for the Period of approximately 95% (2018: 96%).

Financial Asset Investments and Services

The profit contributed by the investment business of the Group has fluctuated significantly as a result of the Group's strategic slow down and disposal in recent years. The Board currently intends to extend the Group's business into the financial services sector and plans to further expand the Group's financial asset investments and services business, with investments in non-performing assets becoming a focus of the Group. During the Period, the Group stepped up its investments in non-performing assets by entering into a non-legally binding letter of intent (the "Letter of Intent") with two independent third parties (the "Vendors") on 11 March 2019, under which the Group indicated its interest to acquire from the Vendors certain equity stake in a limited partnership company holding a non-performing loan portfolio in the PRC amounting to approximately RMB166.1 million that was acquired from China Great Wall Asset Management Co. Ltd.. The acquisition was completed in July 2019. As at 30 June 2019, the total principal of the non-performing loans in the portfolio and the interest accrued thereon amounted to approximately RMB5.5 billion. The Group has made steady progress in disposing of these non-performing loans.

FINANCIAL REVIEW

Profit attributable to the owners of the Company for the Period decreased by approximately HK$96.9 million to approximately HK$46.3 million (2018: HK$143.2 million), representing an decrease of 68%. Basic earnings per share also decreased proportionately by 68% to approximately HK2.01 cents (2018: HK6.21 cents).

The decrease in the profit attributable to the owners of the Company for the Period was primarily attributable to (i) the turn of the change in fair value of financial assets at fair value through profit or loss from a gain of approximately HK$106.1 million for the six months ended 30 June 2018 to a loss of approximately HK$32.1 million for the Period; and (ii) the decrease in the share of results of associates to approximately HK$6.0 million for the Period (2018: HK$126.0 million), which were partially offset by the profit from discontinued operation of approximately HK$78.3 million for the Period (2018: loss of HK$147.5 million).

a. Rental income

Rental income for the Period amounted to approximately HK$55.6 million (2018: HK$57.8 million), representing a decrease of approximately 3.8%, which was mainly attributable to the decrease in the occupancy rates of the Group's properties for lease during the Period.

b. Change in fair value of financial assets at fair value through profit or loss

The turn of the change in fair value of financial assets at fair value through profit or loss (the "Financial Assets") from a gain of approximately HK$106.1 million for the six months ended 30 June 2018 to a loss of approximately HK$32.1 million for the Period, was mainly attributable by (i) the net decrease in the fair value of the Financial Assets held by the Group as at 30 June 2019 of approximately HK$32.1 million, as compared to the net increase in that of the Financial Assets held by the Group as at 30 June 2018 of approximately HK$56.2 million; and (ii) the profit realised by the Group from the disposal of Financial Assets for the six months ended 30 June 2018 amounting to approximately HK$40.7 million, while the Group had no disposal of Financial Assets during the Period.

c. Administrative expenses

The increase in administrative expenses during the Period was mainly due to: (i) the increase in property tax amounting to approximately HK$8.4 million charged for the Period; and (ii) the increase in interest income tax as loan interest income increased as compared to the corresponding period in last year.

d. Other income, gains and losses

The increase in other income, gains and losses was mainly due to the increase in interest income generated from loan receivables from approximately HK$9.2 million for the six months ended 30 June 2018 to approximately HK$42.5 million for the Period.

e. Share of results of associates

The decrease in share of results of associates during the Period was mainly due to the decrease in the Company's share of results of Zhong Hai You Qi amounting to approximately HK$119.4 million for the Period. The decrease in the results of Zhong Hai You Qi was caused by the increase in oil price and the depreciation of RMB, which led to an increase in the production costs.

f. Assets classified as held for sale and liabilities associated with assets classified as held for sale

In light of the Merger Agreement dated 28 November 2018 entered into among TZ United East, Zhong Hai You Qi and COBT, under which Zhong Hai You Qi would absorb and merge with TZ United East and COBT upon completion of the Merger, as at 30 June 2019, the assets and liabilities of TZ United East attributable to the Group to be sold within twelve months were (i) classified as assets held for sale and liabilities associated with assets classified as held for sale respectively; and (ii) presented separately in the condensed consolidated statement of financial position of the Company. The profit or loss of TZ United East for the current and prior periods were presented as a discontinued operation of the Company.

g. Trade receivables

The decrease in trade receivables as at 30 June 2019 was mainly due to the reclassification of certain trade receivables as assets held for sale in light of the Merger Agreement executed.

EXCHANGE EXPOSURE

The Group's principal assets, liabilities, revenue and payments are denominated in HK$ and RMB. In the opinion of the Board, RMB will remain a regulated currency in the foreseeable future. Although the market is generally anticipating an increased volatility in the RMB exchange rate, the Board does not aniticipate any material adverse effect on the financial position of the Group. However, the Board will closely monitor the future development of the RMB exchange rate and will take appropriate actions as necessary.

In addition, the Board does not anticipate that there will be any material exchange exposure to the Group in respect of other currencies.

At the end of the Period, the Group had no material liability denominated in any foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during the Period.

WORKING CAPITAL AND BORROWINGS

As at 30 June 2019, the Group's total borrowings amounted to approximately HK$1,980.2 million in aggregate. The composition of the borrowings is summarised below:

	Unaudited
	HK$'m
Short-term borrowings	1,400.7
Long-term borrowings	579.5
Total borrowings	1,980.2
Cash and bank balances	(483.3)
Net borrowings	1,496.9

As at 30 June 2019, approximately 18.9% of the total borrowings carried fixed interest rates of 5.4% per annum while the remaining 81.1% of the total borrowings carried floating rates ranging from 3.0% per annum to 5.6% per annum.

As at 30 June 2019, based on the foregoing, the Board was confident that the Group had adequate working capital to meet its daily operations and to finance its future expansion.

GEARING RATIO

As at 30 June 2019, the gearing ratio (calculated as total borrowings over equity attributable to owners of the Company) and the current ratio (calculated as current assets over current liabilities) of the Group were 29.3% (31 December 2018: 43.3%) and 2.3x (31 December 2018: 1.3x) respectively.

PLEDGE OF ASSETS

As at 30 June 2019, the Group pledged certain investment properties, leasehold land and buildings, land use rights and property, plant and equipment with an aggregate carrying value of approximately HK$2,360.8 million (31 December 2018: HK$2,361.0 million), HK$346.3 million (31 December 2018: HK$343.8 million), HK$74.1 million (31 December 2018: HK$122.5 million) and HK$711.2 million (31 December 2018: HK$734.2 million) respectively to secure general banking facilities granted to the Group, other loans and other payables to an independent third party. As at 30 June 2019, the Group did not pledge any bank deposits (31 December 2018: HK$322.4 million) to secure bank borrowings advanced to the Group.

PROSPECTS AND OUTLOOK

Measures and regulations on stringent financial supervision have been successively promulgated by the Chinese government following the implementation of the goals of the prevention and resolution of systemic financial risks. On 26 July 2019, the People's Bank of China issued the measures for the "Supervision and Administration of Financial Holding Companies (Exposure Draft)". As such, the three major prudential supervision systems for preventing systemic financial risks (together with the Guiding Opinions on Standardising the Asset Management Business of Financial institutions and the Guiding Opinions on Strengthening the Supervision over Non-Financial Enterprises' Investment in Financial Institutions) have been basically established, and market order will be further standardised. Given this trend, the Group will restructure its financial asset investments business in China in the second half of 2019 to seize the opportunities arising from such changes and vigorously consolidate the foundation of its principal businesses, especially its investments in non-performing assets. The Group is supported by its high-quality professionals who have extensive experience. Against the background of a relatively short history of development, China's non-performing assets did not commence market-oriented development until 2016 when there was an influx of a large number of private asset management companies, leading to intensified competition and an inflated price bubble of non-performing assets. In 2019, with the gradual rationalisation of the participants in the non-performing assets market, the price of non-performing assets has returned to a reasonable level. With the amounts of non-performing loans carried by commercial banks in China increasing year by year, the non-performing loan ratio of commercial banks in China has reached the highest point since 2009 at 1.81% by the end of the second quarter in 2019. In July 2019, the Group has issued convertible bonds in the aggregate principal amount of HK$1,150 million to raise capital for further expansion of the Group's share in the non-performing assets market through direct investments or the establishment of non-performing assets investments funds.

It is expected that with the trade friction between China and the United States continuing to intensify, (i) the global trade situation will continue to deteriorate, (ii) the demand for crude oil will generally be in a downward trend; and (iii) the prices of crude oil are likely to fluctuate at the low end of the price range. As a result of the fluctuations of international crude oil prices, the prices of domestic oil products in China may also show a downward trend and therefore possibly squeeze the profitability of petroleum refining and chemical enterprises. However, as mentioned above, following the completion of the Merger, the surviving Zhong Hai You Qi has been engaged to optimise its production processes, strengthen its cost management, and promote the transformation and upgrade of the petroleum refining and chemical business of the Group. The management of the Group believes that the support in crude oil resource allocation provided by CRCL and the financing guarantee endorsed by the local government and the shareholders of the Company will allow the management team of Zhong Hai You Qi to step up their focus on research and development and sales in order to raise the operating efficiency of Zhong Hai You Qi and generate a greater profit contribution to the Group.

CAPITAL STRUCTURE

As at 30 June 2019, the shareholders' fund of the Company was approximately HK$6,768.2 million (31 December 2018: HK$6,748.8 million), representing a decrease in HK$19.4 million or 0.29% as compared to that as at 31 December 2018. The decrease was mainly contributed by the depreciation of RMB by more than 5% during the Period and an exchange loss charged to the exchange translation reserve resulting from the translation of the books of the subsidiaries of the Company in the PRC, which were offset by the profit for the Period.

PLACING AND ISSUE OF CONVERTIBLE BONDS

On 20 May 2019, the Company entered into a placing agreement with CMB International Capital Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, 7% senior unsecured and guaranteed convertible bonds (the "Convertible Bonds") of the Company due 2022 of an aggregate principal amount of up to HK$200,000,000, to placees who and whose subsidiaries or associates are independent third parties (within the meaning of the Listing Rules) of the Company, at the conversion price of HK$2.33 (the "Placing"). On 22 May 2019, the Company entered into a subscription agreement (the "JIC Subscription Agreement") with JIC (Hong Kong) Holding Limited ("JIC") (a placee secured by the Placing Agreement, who and whose ultimate beneficial owner(s) are independent third parties (within the meaning of the Listing Rules)), in relation to JIC's subscription for the Convertible Bonds with a principal amount of HK$200,000,000 (the "JIC Subscription").

On 20 May 2019, the Company also entered into a subscription agreement (the "Connected Subscription Agreement", collectively the "Connected Subscription Agreements") with each of Excel Bright Capital Limited, Mr. Gao Jian Min, Ms. Luk Ching Sanna, Regent Star International Limited and Wonderful Sky Financial Group Holdings Limited (collectively the "Connected Subscribers", and each a "Connected Subscriber"), who are all connected persons (within the meaning under the Listing Rules) of the Company, pursuant to which the Company conditionally agreed to issue, and each of the relevant Connected Subscribers conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK$950,000,000, at the conversion price of HK$2.33 (the "Connected Subscriptions").

Mr. Chu Hing Tsung, the chairman of the Board, a non-executive Director and a substantial shareholder of the Company, has provided personal guarantees in favour of the relevant subscribers pursuant to the JIC Subscription Agreement and the Connected Subscription Agreements.

The issue of the Convertible Bonds in the aggregate principal amount of HK$1,150,000,000 pursuant to the JIC Subscription Agreement and the Connected Subscription Agreements was approved by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting of the Company held on 27 June 2019. Completion of the JIC Subscription and the Connected Subscriptions took place on 3 July 2019.

The gross proceeds from the issue of the Convertible Bonds were in the amount of approximately HK$1,150,000,000. The net proceeds from the issue of the Convertible Bonds, after deduction of all relevant costs and expenses, amounted to approximately HK$1,147,000,000, among which (i) approximately HK$500,000,000 would be used for repaying the Company's short-term debts; (ii) approximately HK$400,000,000 would be used for expanding the Company's business to the financial investment and service industry, such as acquisition of and investment in distressed debts in the PRC; and (iii) approximately HK$247,000,000 would be used as general working capital of the Company. As at the date of this announcement, the net proceeds have been fully utilised as intended.

Details of the Placing, the JIC Subscription and the Connected Subscriptions are set out in the announcements of the Company dated 20 May 2019, 22 May 2019 and 27 June 2019, and the circular of the Company dated 10 June 2019.

HUMAN RESOURCES

As at 30 June 2019, the Group employed 615 employees (31 December 2018: 588 employees) in Hong Kong and in the PRC. During the Period, the Group offered its employees competitive remuneration packages, which were consistent with the prevailing market practices. The Group's remuneration policies remained unchanged during the Period. Total staff costs from continuing operations for the Period were approximately HK$24.3 million, as compared to those of HK$21.8 million for the same period in 2018.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (2018: Nil).

CORPORATE GOVERNANCE

Except for the deviation specified below, the Company has complied with all mandatory provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Listing Rules throughout the Period.

Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting of the Company. Mr. Chu Hing Tsung, the Chairman, was out of town and was therefore unable to attend the annual general meeting of the Company held on 24 May 2019. The Chairman will endeavor to attend all future annual general meetings of the Company unless unexpected or special circumstances 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 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 to the Listing Rules.

On specific enquiries made, all Directors confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Group for the Period has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants, by the Company's external auditors, Deloitte Touche Tohmatsu, whose review report is included in the interim financial report to be sent to the Shareholders.

The unaudited condensed consolidated interim financial statements of the Group for the Period have also been reviewed by the audit committee of the Company.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

INTERIM FINANCIAL REPORT

The interim report of the Company for the Period will be dispatched to Shareholders and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.silvergrant.com.hk) in due course.

APPRECIATION

The Board would like to express its appreciation and gratitude to the 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 goals.

By Order of the Board
Silver Grant International Holdings Group Limited
Gao Jian Min
Executive Director and Managing Director

Hong Kong, 29 August 2019

As at the date of this announcement, the Board comprises Mr. Gao Jian Min (Managing Director), Mr. Huang Jiajue, Mr. Luo Zhihai and Mr. Ma Yilin as executive directors; Mr. Chu Hing Tsung (Chairman) and Mr. Chen Zhiwei as non-executive directors; and Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming as independent non-executive directors.