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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)**

### **PROFIT WARNING**

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

The board of directors (“**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on information currently available, the Group expects that its results for the six months ended 30 June 2020 (“**Interim 2020**”) would turn from a profit attributable to the owners of the Company of approximately HK\$46,319,000 as recorded for the six months ended 30 June 2019 (“**Interim 2019**”) to a loss attributable to the owners of the Company of no less than HK\$150,000,000.

The expected decline in the results of the Group mentioned above was mainly attributable to the combined effect of the following:

- (i) the decrease in the rental income earned by the Group during Interim 2020 from that of approximately HK\$55,604,000 earned during Interim 2019, due to the decline in the occupancy rate of the rental properties of the Group, as a result of the outbreak of the Coronavirus Disease 2019 (“**COVID-19**”) pandemic at the beginning of 2020;
- (ii) the increase in other income, gains and losses for Interim 2020, as compared with that of approximately HK\$56,857,000 for Interim 2019, mainly due to the increase in the interest income generated through advances provided by the Group during Interim 2020;

- (iii) the turn from a fair value gain on investment properties of approximately HK\$17,794,000 recorded by the Group for Interim 2019 to a fair value loss on investment properties for Interim 2020;
- (iv) the increase in the loss in the fair value of the financial assets at fair value through profit or loss for Interim 2020 from approximately HK\$32,073,000 for Interim 2019, mainly attributable to the decrease in the fair value of such financial assets held by the Group as at 30 June 2020, offset by the gain on the disposal of one of these financial assets during Interim 2020;
- (v) the increase in the finance costs incurred by the Group for Interim 2020 from those of approximately HK\$33,713,000 for Interim 2019, as a result of the issuance of the 7% senior unsecured and guaranteed convertible bonds in the aggregate principal amount of HK\$1,150,000,000 by the Company in July 2019;
- (vi) the profit from discontinued operation of approximately HK\$78,280,000 recorded by the Group in Interim 2019 (which was absent in Interim 2020), in relation to the disposal of the Group's trading of petrochemical products and provision of subcontracting service business segment following the completion ("**Completion**") of the merger ("**Merger**") on 15 July 2019, pursuant to which 泰州東聯化工有限公司 (Tai Zhou United East Petrochemical Company Limited\*), a former 68.07% indirectly owned subsidiary of the Company ("**TZ United East**") and 中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited\*), a former 33% associate of the Company with approximately 22.46% of its equity interest being effectively held by the Company ("**Zhong Hai You Qi**"), were absorbed and merged with 中海瀝青(泰州)有限責任公司 (China Offshore Bitumen (Taizhou) Co., Ltd.\*) ("**COBT**"). Upon Completion, TZ United East and COBT were dissolved and deregistered, and Zhong Hai You Qi became the surviving entity and a joint venture ("**ZHYQ JV**") of the Company, in which the Company owned approximately 51% of its equity interest through one of its indirect non-wholly owned subsidiaries (i.e. the Company effectively held approximately 34.72% of the equity interest of ZHYQ JV);
- (vii) the decline in the performance of Zhong Hai You Qi from a profit in Interim 2019 (during which it was accounted for by the Group as an associate of the Company), to a loss in Interim 2020 (during which ZHYQ JV, the surviving entity resulted from the Merger, was accounted for by the Group as a joint venture of the Company), mainly attributable to (a) the overhaul and upgrade carried out at the factory of ZHYQ JV in March 2020, which resulted in the suspension of the operation of ZHYQ JV for the entire month of March in 2020; and (b) the outbreak of the COVID-19 pandemic which led to a slowdown in the economy and thus, a reduction in the demand for ZHYQ JV's petrochemical products; and
- (viii) the decline in the performance of 信達建潤地產有限公司 (Cinda Jianrun Property Company Limited\*), an associate of the Company ("**Cinda Jianrun**"), from a profit in Interim 2019 to a loss in Interim 2020, mainly due to the decrease in the fair value of the financial assets held by Cinda Jianrun as at 30 June 2020.

\* *English name is translated for identification purpose only*

The Company is still in the process of preparing its unaudited consolidated results for Interim 2020. The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for Interim 2020 and information currently available to the Company, which have not been audited by the auditors of the Company and may therefore be subject to change. The Group's preliminary results for Interim 2020 are expected to be announced before the end of August 2020.

*Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.*

On behalf of the Board  
**Silver Grant International Holdings Group Limited**  
**Chu Hing Tsung**  
*Chairman*

Hong Kong, 17 August 2020

*As at the date of this announcement, the Board comprises Mr. Huang Jiajue (Chief Executive Officer), 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.*