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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the announcement of Silver Grant International Holdings Group Limited (“**Company**”, together with its subsidiaries, “**Group**”) dated 29 March 2021 (“**Annual Results Announcement**”) in relation to the annual results of the Company for the year ended 31 December 2020 (“**Year 2020**”). Unless otherwise stated, capitalised terms used in herein shall have the same meanings as those defined in the Annual Results Announcement.

In addition to the information disclosed in the Annual Results Announcement, the Company would like to provide the following supplemental information in relation to the retrospective adjustments (“**Prior Year Adjustments**”) made to the provisional calculation of the net identifiable assets and liabilities of ZHYQ JV as of 15 July 2019, being the completion date of the Merger, upon completion of the fair value assessments of the net identifiable assets and liabilities of ZHYQ JV during Year 2020.

Due to the then travel and other restrictions (including the 14-day quarantine policy implemented by the local government of Taizhou) in force in parts of China to combat the outbreak of the COVID-19, the Company’s independent valuer and auditor were unable to enter into the premises of ZHYQ JV located in Taizhou, the PRC, to conduct fieldwork, which is required for them to complete their fair value assessment of the net identifiable assets and liabilities of ZHYQ JV. The material difference between the provisional calculation and the finalised amount of the net identifiable assets and liabilities of ZHYQ JV was attributable to the delay in the process of inventory and fixed asset reconciliation conducted at ZHYQ JV as a result of the suspension of business travel by the Company’s valuer and auditor to Taizhou.

As the Group was in the process of completing valuation to assess the fair value of the net identifiable assets and liabilities of ZHYQ JV during Year 2019 for the reasons mentioned above, only a provisional calculation of the net identifiable assets and liabilities of ZHYQ JV has been made as of 15 July 2019, being the completion date of the Merger. The Group completed the fair value assessment of the net identifiable assets and liabilities of ZHYQ JV in mid-July 2020 and the Company's auditor has finished their audit on 29 March 2021 and the Prior Year Adjustments are made accordingly.

The Prior Year Adjustments are made in accordance with paragraph 45 of HKFRS 3 (revised) Business Combinations. The gain on bargain purchase from the Merger was determined on a provisional basis as at 31 December 2019. The Group has finalised the fair value assessment of the net identifiable assets and liabilities of ZHYQ JV during Year 2020 and as a result, the gain on bargain purchase from the Merger was restated from HK\$242.7 million to HK\$177.4 million in the profit or loss for the comparative period during Year 2020 and the Prior Year Adjustments are made. The financial effect of the Prior Year Adjustments is detailed in the Annual Results Announcement. The Board is of the view that the accounting for the Merger are made in accordance with the relevant HKFRSs and is not aware of any non-compliance with the relevant accounting standard.

The Board and the Audit Committee are of the view that the Prior Year Adjustments are appropriate and have been properly made because they are made in accordance with applicable accounting standards.

The audit procedures performed by the Company's auditor in relation to the Prior Year Adjustments are as follows:

- (i) obtained and reviewed the agreements in connection with the Merger and the signed valuation reports prepared by the external valuer engaged by the Company for the valuation of the enterprise value of TZ United East and the purchase price allocation of ZHYQ JV;
- (ii) assessed the external valuer's qualification, experience and expertise and considered its objectivity and independence;
- (iii) engaged internal valuation specialists to assist in the assessment of the methodologies applied and the key assumptions and estimates adopted in the valuation of TZ United East and the identifiable assets and liabilities of ZHYQ JV;
- (iv) checked the arithmetical accuracy of the amount of gain on disposal of a subsidiary and gain on bargain purchase from the Merger; and
- (v) assessed the adequacy of the disclosures of the Merger in the Group's consolidated financial statements.

The Directors are responsible for the preparation of the consolidated financial statements and the finalised calculation of the net identifiable assets and liabilities of ZHYQ JV during Year 2020. The Company has engaged an external valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to perform the provisional and finalised valuations of the fair value of net identifiable assets and liabilities of ZHYQ JV for Year 2019 and Year 2020 respectively. The Company's auditor, Ernst & Young, is expected to issue an opinion that the Group's consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance. The audit opinion will be included in the Company's annual report for Year 2020, which is expected to be published by the end of April 2021.

As stated in the Company's annual report for the year ended 31 December 2019 ("**2019 Annual Report**"), (i) the management of the Company has engaged an external valuer to perform the valuations of the enterprise value of TZ United East and the fair value of the net identifiable assets and liabilities of ZHYQ JV as at the date of completion of the Merger (i.e. 15 July 2019) to determine the gain on disposal of a subsidiary and the gain on bargain purchase from the Merger, respectively; (ii) the gain on bargain purchase from the Merger disclosed in the 2019 Annual Report was determined on a provisional basis as at 31 December 2019 as the Group was in the process of completing valuation to assess the fair value of the net identifiable assets and liabilities of ZHYQ JV; and (iii) the provisional gain on bargain purchase may be adjusted retrospectively upon the completion of the initial accounting for the acquisition for the additional interest in ZHYQ JV during the measurement period, which shall not exceed one year from the acquisition date. Therefore, the Board and the Company's auditor do not consider the Prior Year Adjustments are made due to correction of material errors but for the reasons mentioned above.

The above supplemental information does not affect other information contained in the Annual Results Announcement and save as disclosed above, all other information in the Annual Results Announcement remains unchanged.

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

Hong Kong, 27 April 2021

As at the date of this announcement, the Board comprises Mr. Huang Jiajue (Chief Executive Officer), Mr. Luo Zhihai and Mr. Tang Lunfei 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.