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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)**

**2021 INTERIM RESULTS ANNOUNCEMENT**

The board (“Board”) of directors (“Directors”) of Silver Grant International Holdings Group Limited (“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 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		(Unaudited) Six months ended 30 June 2021 HK\$'000	(Unaudited) 2020 HK\$'000
Rental income	4	43,574	47,803
Direct operating expenses		<u>(5,882)</u>	<u>(6,129)</u>
		<b>37,692</b>	41,674
Dividend income from listed and unlisted securities	4	—	116
Other income, gains and losses	4	<b>155,684</b>	151,767
Change in fair value of financial assets at fair value through profit or loss		<b>(36,144)</b>	(73,434)
Change in fair value of a derivative financial instrument		<b>15,681</b>	639
Reversal of impairment/(impairment) of financial assets, net		<b>18,868</b>	(11,254)
Administrative expenses		<b>(93,717)</b>	(75,879)
Change in fair value of investment properties		<b>31,313</b>	(16,641)
Finance costs	5	<b>(166,760)</b>	(100,886)
Share of profit/(loss) of:			
— an associate		<b>1,077</b>	(16,674)
— a joint venture		<b>(307,119)</b>	(77,381)
		<u>                    </u>	<u>                    </u>
Loss before taxation	7	<b>(343,425)</b>	(177,953)
Taxation	6	<b>(7,528)</b>	4,169
		<u>                    </u>	<u>                    </u>
Loss for the period		<b><u>(350,953)</u></b>	<b><u>(173,784)</u></b>
Loss attributable to:			
— owners of the Company		<b>(251,333)</b>	(151,150)
— non-controlling interests		<b>(99,620)</b>	(22,634)
		<u>                    </u>	<u>                    </u>
		<b><u>(350,953)</u></b>	<b><u>(173,784)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
— Basic and diluted (HK cents per share)	8	<b><u>(10.90)</u></b>	<b><u>(6.56)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	(Unaudited) Six months ended 30 June 2021 HK\$'000	(Unaudited) 2020 HK\$'000
LOSS FOR THE PERIOD	(350,953)	(173,784)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	<u>15,114</u>	<u>(96,265)</u>
Total other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>15,114</u>	<u>(96,265)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Gain/(loss) on property revaluation	<u>11,906</u>	<u>(21,108)</u>
Income tax effect	<u>—</u>	<u>6,344</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>11,906</u>	<u>(14,764)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<u>27,020</u>	<u>(111,029)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(323,933)</b></u>	<u><b>(284,813)</b></u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(234,803)</u>	<u>(245,549)</u>
Non-controlling interests	<u>(89,130)</u>	<u>(39,264)</u>
	<u><b>(323,933)</b></u>	<u><b>(284,813)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		(Unaudited) As at 30 June 2021 HK\$'000	(Audited) As at 31 December 2020 HK\$'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Investment properties		2,685,750	2,624,229
Property, plant and equipment		277,607	250,921
Right-of-use assets		52,884	54,216
Interests in an associate		87,676	85,569
Interests in a joint venture		2,725,897	3,033,385
Amount due from a joint venture		1,129,875	969,951
Financial assets at fair value through profit or loss		2,780	2,780
Loan receivables		239,656	231,932
		<hr/>	<hr/>
Total non-current assets		7,202,125	7,252,983
<b>CURRENT ASSETS</b>			
Trade receivables	10	7,751	7,317
Deposits, prepayments and other receivables		695,339	420,467
Amount due from a joint venture		217,066	59,528
Amount due from an associate		607,987	584,989
Loan receivables		1,142,702	1,207,369
Financial assets at fair value through profit or loss		797,715	875,206
Derivative financial instrument		53,164	37,483
Pledged bank deposits		24,038	23,753
Cash and bank balances		119,511	769,767
		<hr/>	<hr/>
Total current assets		3,665,273	3,985,879
<b>CURRENT LIABILITIES</b>			
Accrued charges, rental deposits and other payables		288,451	287,160
Interest-bearing bank and other borrowings		449,661	369,309
Taxation payable		108,928	108,272
		<hr/>	<hr/>
Total current liabilities		847,040	764,741

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Continued)

	(Unaudited) As at 30 June 2021 HK\$'000	(Audited) As at 31 December 2020 HK\$'000
<b>NET CURRENT ASSETS</b>	<b>2,818,233</b>	3,221,138
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>10,020,358</b>	10,474,121
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	1,397,421	1,571,112
Convertible bonds	1,265,966	1,232,463
Lease liabilities	51,260	48,532
Deferred tax liabilities	245,651	238,021
Total non-current liabilities	<b>2,960,298</b>	3,090,128
Net assets	<b>7,060,060</b>	7,383,993
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,626,781	3,626,781
Reserves	2,698,170	2,932,973
	<b>6,324,951</b>	6,559,754
Non-controlling interests	735,109	824,239
Total equity	<b>7,060,060</b>	7,383,993

## NOTES:

### 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 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 (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The financial information relating to the year ended 31 December 2020 that is included in this unaudited condensed consolidated statement of financial position 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 those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2020. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

## 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on these unaudited condensed consolidated financial statements.

### **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and has the following reporting segments:

- (a) the investments segment representing the investments in financial assets at fair value through profit or loss and loan receivables; and
- (b) the property leasing segment representing the holding of properties for rental income and/or potential for capital appreciation.

Management of the Group monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that finance costs, share of results of an associate and a joint venture and corporate expenses are excluded from such measurement.

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

**Six months ended 30 June 2021 (Unaudited)**

	<b>Investments</b> <i>HK\$'000</i>	<b>Property leasing</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue			
— Rental income	<u>—</u>	<u>43,574</u>	<u>43,574</u>
Segment profit	<u>143,469</u>	<u>52,987</u>	<u>196,456</u>
Other unallocated income, gains and losses			2,170
Corporate expenses			(69,249)
Finance costs			(166,760)
Shares of profit/(loss) of:			
— an associate			1,077
— a joint venture			<u>(307,119)</u>
Loss before taxation			(343,425)
Taxation			<u>(7,528)</u>
Loss for the period			<u><u>(350,953)</u></u>

**Six months ended 30 June 2020 (Unaudited)**

	<b>Investments</b> <i>HK\$'000</i>	<b>Property leasing</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue			
— Rental income	—	47,803	47,803
— Dividend income from listed and unlisted securities	<u>116</u>	<u>—</u>	<u>116</u>
	<u>116</u>	<u>47,803</u>	<u>47,919</u>
Segment profit	<u>59,298</u>	<u>11,033</u>	<u>70,331</u>
Other unallocated income, gains and losses			(192)
Corporate expenses			(53,151)
Finance costs			(100,886)
Shares of loss of:			
— an associate			(16,674)
— a joint venture			<u>(77,381)</u>
Loss before taxation			(177,953)
Taxation			<u>4,169</u>
Loss for the period			<u><u>(173,784)</u></u>



## Geographical information

### Revenue from external customers

	(Unaudited)	(Unaudited)
	<b>Revenue</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	—	116
People's Republic of China (the "PRC" or China)	<u>43,574</u>	<u>47,803</u>
	<u><b>43,574</b></u>	<u><b>47,919</b></u>

The revenue information above is based on the locations of the customers.

## 4. REVENUE AND OTHER INCOME, GAINS AND LOSSES

An analysis of the revenue is as follows:

	(Unaudited)	(Unaudited)
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from other sources</i>		
Gross rental income	<u>43,574</u>	<u>47,803</u>
Dividend income from listed and unlisted securities	<u>—</u>	<u>116</u>
	<u><b>43,574</b></u>	<u><b>47,919</b></u>

An analysis of other income, gains and losses is as follows:

	(Unaudited)	(Unaudited)
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government grants	—	852
Interest income		
— amounts due from an associate	11,874	10,995
— amounts due from a joint venture	40,389	49,918
— loan receivables	101,168	90,194
— bank deposits	1,418	324
Net foreign exchange loss	(1,573)	(702)
Net loss on disposal of property, plant and equipment	—	(23)
Others	<u>2,408</u>	<u>209</u>
	<u><b>155,684</b></u>	<u><b>151,767</b></u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	(Unaudited) Six months ended 30 June 2021 HK\$'000	(Unaudited) 2020 HK\$'000
Interest on bank loans	5,770	18,998
Interest on other loans	77,604	10,853
Interest on convertible bonds	73,743	70,072
Interest on senior note	7,285	—
Interest on lease liability	2,358	963
	<u>166,760</u>	<u>100,886</u>

## 6. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries in Hong Kong incurred tax losses for both reporting periods.

The taxation charge of the PRC Corporate Income Tax (“CIT”) for the reporting periods has been made based on the Group’s estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the Company’s subsidiaries in the PRC. Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and the Implementation Regulation of the CIT Law, the tax rate of the Company’s subsidiaries in the PRC was 25% for both reporting periods.

The withholding tax arising from the dividend income received from the Company’s subsidiaries in the PRC was calculated at 5% for both reporting periods.

	(Unaudited) Six months ended 30 June 2021 HK\$'000	(Unaudited) 2020 HK\$'000
Current:		
PRC CIT — current for the period	968	76
Deferred	<u>6,560</u>	<u>(4,245)</u>
Total tax charged/(credited) for the period	<u>7,528</u>	<u>(4,169)</u>

## 7. LOSS BEFORE TAXATION

The Group's loss before taxation was arrived at after charging/(crediting):

	(Unaudited) Six months ended 30 June 2021 <i>HK\$'000</i>	(Unaudited) 2020 <i>HK\$'000</i>
Auditor's remuneration	407	2,250
Depreciation of property, plant and equipment	5,417	5,821
Depreciation of right-of-use assets	1,981	944
Change in fair value of financial assets at fair value through profit or loss	36,144	73,434
Employee benefit expense including directors' and chief executives' remuneration		
Wages and salaries	31,169	29,813
Pension scheme contribution (defined contribution scheme)	450	245
	<u>31,619</u>	<u>30,058</u>
Rental income under operating leases for investment properties, less outgoings of HK\$5,882,000 (six months ended 30 June 2020: HK\$6,129,000)	(37,692)	(41,674)
(Reversal) of impairment/impairment of financial assets, net	(18,868)	11,254
Change in fair value of investment properties	(31,313)	16,641
Change in fair value of a derivative financial instrument	(15,681)	(639)

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic and diluted loss per share attributable to ordinary equity holders of the Company are based on the following data:

	(Unaudited) Six months ended 30 June 2021 <i>HK\$'000</i>	(Unaudited) 2020 <i>HK\$'000</i>
Loss for the period attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculations	<u>(251,333)</u>	<u>(151,150)</u>
	<b>Six months ended 30 June 2021 <i>in thousand</i></b>	<b>2020 <i>in thousand</i></b>

### Number of shares:

Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<u>2,304,850</u>	<u>2,304,850</u>
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The denominators used in the calculations of the basic and diluted loss per share are the same as those detailed above for the calculations of the basic and diluted loss per share attributable to the ordinary equity holders of the Company.

No adjustment for dilution has been made to the basic loss per share presented for the six months ended 30 June 2021 and 2020 as the Company's convertible bonds outstanding had an anti-dilutive effect on the basic loss per share presented.

## 9. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## 10. TRADE RECEIVABLES

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

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

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at 31
	<b>30 June</b>	December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 to 30 days	<u><b>7,751</b></u>	<u>7,317</u>

## 11. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	<b>(Unaudited)</b>	(Audited)
	<b>As at</b>	As at 31
	<b>30 June</b>	December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contracted, but not provided for:		
Unlisted equity securities	<b>180,288</b>	178,147
Non-performing assets	<b>151,442</b>	149,644
Asset management company	<b>3,600</b>	—
	<u><b>335,330</b></u>	<u>327,791</u>

## **BUSINESS REVIEW**

In the six months ended 30 June 2021 (“Period 2021”), the global economy recovered in a volatile manner, and the economic recovery of various countries was closely related to the efforts of pandemic control and the fiscal and monetary policies implemented by the governments across the globe. Benefiting from the effective control of the pandemic, China’s gross domestic product grew by 12.7% period-on-period in Period 2021, showing an outstanding performance in industrial production and export, and the PRC’s economic performance continued to recover steadily and its scope of recovery continued to expand in Period 2021.

The international supply and consumption of crude oil recovered in tandem with the economic recovery. After experiencing fluctuations resulting from the outbreak of the pandemic last year, the international crude oil price gradually recovered to the level before the pandemic and rebounded to US\$70 per barrel in Period 2021. Since then, refinery enterprises have got rid of the negative impact from the impairment of inventory and achieved satisfactory profits. In Period 2021, 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”), a joint venture of the Company, achieved a turnaround from loss to profit. However, as a result of tax review in relation to the basis of calculation of sales tax, Zhong Hai You Qi paid additional sales tax and related tax surcharge and fines for prior years amounting to a total of approximately RMB490 million in Period 2021, resulting in a relatively great loss in the Company’s share of profit or loss of the joint venture, which also caused a material adverse impact on the Group’s profit or loss for Period 2021.

### **Investment**

2021 marks the beginning of the 14th Five-Year Plan of the PRC, in which preventing and solving material risks, in particular systemic financial risks, remains a formidable challenge. In the first half of 2021, the financial regulatory authority of the PRC warned about the rebound risk of non-performing assets repeatedly and asked for the speeding up of the disposal of non-performing assets and resolving the risks faced by small-to-medium sized financial institutions. The development of new businesses such as non-performing personal loans, non-performing trusts and bankruptcy reorganisation has been fostered, contributing to the continuous orderly expansion of the non-performing assets market. Moreover, the 14th Five-Year Plan of the PRC proposed the establishment of a convenient, efficient and orderly exit mechanism for market entities and the establishment of a sound bankruptcy system for enterprises and natural persons, so as to promote the rapid growth of the enterprise bankruptcy reorganisation market. Financial assets management companies, local assets management companies and private funds in the PRC have been actively engaged in the bankruptcy reorganisation business, and the number of non-performing assets disposal funds as well as bankruptcy reorganisation funds has been increasing in the PRC.

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

In the first half of 2021, the Group has been expanding its non-performing assets and loans portfolio and a deposit was paid by the Group to acquire a non-performing loans portfolio with a total principal and accrued interest amounting to approximately RMB560 million which mainly consists of non-performing loans from commercial banks. The Group's investment team made vigorous moves in promoting the judicial disposal procedures and assets marketing, realising partial disposal gains from its non-performing assets during Period 2021. The Group also proactively expanded into different types of non-performing assets investment projects, including individual debt restructuring projects and bankruptcy reorganisation projects. In Period 2021, the Group successfully developed an urban redevelopment fund, the first phase of which amounted to RMB200 million. The Group will then prepare for the launch of the fund, aiming at gaining a foothold in the urban redevelopment projects in the Guangdong-Hong Kong-Macao Greater Bay Area and creating investment returns for its shareholders.

The Group has invested in certain PRC enterprises which are classified as financial assets at fair value through profit or loss. As at 30 June 2021, the NT Trust Scheme (as defined below) was the largest financial assets investment of the Group and the only financial assets investment the carrying value of which amounted to 5% or more of the Group's total assets. Further details of the NT Trust Scheme are set out below:

The Group invested RMB505,000,000 (equivalent to approximately HK\$606,202,000) in aggregate into a trust ("NT Trust Scheme") holding a portfolio of limited liability partnerships investing in property development investments in Zhuozhou and Shenyang in the PRC, which is managed by 國民信託有限公司 (National Trust Co., Ltd.\*). As at 30 June 2021, the value of the NT Trust Scheme accounted for approximately 5.13% of the total assets of the Group. The carrying value of the NT Trust Scheme as at 30 June 2021 was approximately HK\$557,689,000, which was determined by reference to the net asset value of the NT Trust Scheme as set out in the unaudited financial statements as at 30 June 2021 of the NT Trust Scheme, as compared to the carrying value of the NT Trust Scheme as at 31 December 2020 of approximately HK\$556,027,000. The Group recorded a fair value loss of the NT Trust Scheme of approximately HK\$5,014,000 for Period 2021, as compared with a fair value loss of the NT Trust Scheme of approximately HK\$47,254,000 for the six months ended 30 June 2020 ("Period 2020"), which has contributed to the decrease in the loss in the fair value of the financial assets at fair value through profit or loss from approximately HK\$73,434,000 for Period 2020 to approximately HK\$36,144,000 for Period 2021. The Group did not receive any distribution from the NT Trust Scheme or record any realised gain or loss in relation to this investment during Period 2021 (Period 2020: nil). Based on its current investment strategy, the Group will consider to dispose of its interest in the NT Trust Scheme at any time provided that an opportunity allowing the Group to realise a reasonable return arises.

\* English name is translated for identification purpose only

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation of the value of its investments and to receive income therefrom. The Board believes that the performance of the financial asset investments of the Group is dependent on the financial and operating performance of the investee companies and market sentiment, which are affected by factors such as interest rate movements, national policies and performance of the global and national economies. The Group will continue to adopt a prudent investment approach and closely monitor the performance of the investments in its portfolio.

## **Property Leasing**

The rental income from the Group's property leasing business amounted to approximately HK\$43,574,000 for Period 2021, representing a decrease of approximately HK\$4,229,000 from that of approximately HK\$47,803,000 for Period 2020. Revenue from the Group's property leasing business segment was mainly derived from East Gate Plaza, an investment property of the Group in Beijing, China, which comprises a residential section and a commercial section. The decrease in the rental income for Period 2021 was caused by the combined effect of (i) the decline in the occupancy rate of the rental properties of the Group during Period 2021 as a result of the COVID-19 pandemic and certain tenants not renewing their tenancy after expiry of their rental agreements; and (ii) the exchange gain on translation due to appreciation in RMB against HK\$ during Period 2021. The property operation team of the Group has continued to increase its marketing efforts by actively recruiting new tenants for vacant areas and retaining its existing tenants, in order to boost the occupancy rate of the property.

## **PROSPECTS AND OUTLOOK**

Looking to the second half of 2021, the global impact of the COVID-19 pandemic has yet to come to an end. Affected by the inconsistent pandemic development in major economies, the global economy will recover at a sluggish pace in general and is expected to record a lower growth rate. In face of a complex economic situation in the PRC and overseas, it is expected that the PRC will maintain a stable and sound monetary policy and a reasonably loose liquidity environment in the second half of 2021. Despite increasing control on the real estate market by the Chinese government, the 14th Five-Year Plan expressly proposed the "implementation of urban redevelopment initiatives" with concrete direction of urban redevelopment that aims at expediting the modification of old communities, old factories, old streets, urban villages, etc., and related policies have also been rolled out in a row.

The Group will cautiously review the prevailing investment environment and provide tremendous support for the development in such areas as technological innovations, green development and urban redevelopment in line with the national policies. The Group has recently completed the acquisition of the entire equity interest in a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong



Kong) which will carry out fund management business. In respect of fund management, the Group will secure premium underlying assets for urban redevelopment to be launched in the fourth quarter of 2021 and expand the scale of its fund management business to create an influential brand for its urban redevelopment fund.

The Company's joint venture, Zhong Hai You Qi, will carry out the technological modification projects in existing factories in a stable manner, strive for further cost reduction and efficiency enhancement, and seek approval from its shareholders and local government to foster the development and construction of production equipment for high-end lubricating oil products and high-performance polyolefin products as planned.

## FINANCIAL REVIEW

The loss attributable to the owners of the Company increased to approximately HK\$251,333,000 for Period 2021 from that of approximately HK\$151,150,000 for Period 2020, mainly due to the combined effect of the following:

- (i) the turn from a fair value loss on investment properties of approximately HK\$16,641,000 recorded by the Group for Period 2020 to a fair value gain on investment properties of approximately HK\$31,313,000 for Period 2021;
- (ii) the decrease in the loss in the fair value of the financial assets at fair value through profit or loss from approximately HK\$73,434,000 for Period 2020 to approximately HK\$36,144,000 for Period 2021, mainly attributable to the amount of fair value loss made by the Group on its financial assets as at 30 June 2021 being less than that made on its financial assets as at 30 June 2020;
- (iii) the increase in the finance costs incurred by the Group from those of approximately HK\$100,886,000 for Period 2020 to approximately HK\$166,760,000 for Period 2021, as a result of the issuance of the 7.5% senior secured guaranteed note by the Company in the aggregate principal amount of US\$19,800,000 (equivalent to approximately HK\$154,440,000) in December 2020 and the increase in other borrowings during Period 2021 as compared to those during Period 2020; and
- (iv) the decline in the performance of Zhong Hai You Qi from a loss of approximately HK\$77,381,000 in Period 2020 to a loss of approximately HK\$307,119,000 in Period 2021, which was mainly attributable to additional sales tax and related tax surcharge and fine of approximately RMB490,000,000 (equivalent to approximately HK\$588,235,000) paid by Zhong Hai You Qi during Period 2021 as a result of tax review in relation to the basis of calculation of sales tax.

The basic loss per share attributable to ordinary equity holders of the Company was 10.90 HK cents for Period 2021 (Period 2020: basic loss per share of 6.56 HK cents).

**A. Rental income**

Rental income for Period 2021 and Period 2020, which was derived from the Group's investment properties located in Beijing, amounted to approximately HK\$43,574,000 and HK\$47,803,000 respectively. The decrease in rental income during Period 2021 was mainly attributable to the reasons as mentioned in the sub-section headed "Property Leasing" under the section headed "Business Review" above.

**B. Interest income**

The increase in interest income (excluding interest income from bank deposits) from approximately HK\$151,107,000 for Period 2020 to approximately HK\$153,431,000 for Period 2021 was mainly due to the increase in interest income generated from loan receivables from approximately HK\$90,194,000 for Period 2020 to approximately HK\$101,168,000 for Period 2021.

**C. Change in fair value of financial assets at fair value through profit of loss**

The decrease in the loss in the fair value of the financial assets at fair value through profit or loss from approximately HK\$73,434,000 for Period 2020 to approximately HK\$36,144,000 for Period 2021 was mainly attributable to the amount of fair value loss made by the Group on its major financial asset, the NT Trust Scheme, as at 30 June 2021 of approximately HK\$5,014,000 being less than that made by it as at 30 June 2020 of approximately HK\$47,254,000.

**D. Administrative expenses**

The increase in administrative expenses from approximately HK\$75,879,000 for Period 2020 to approximately HK\$93,717,000 for Period 2021 was mainly due to (1) the increase in the consultant fee paid for an arrangement of a loan in the PRC and the fund management fee of approximately HK\$4,503,000 and HK\$9,665,000 respectively during Period 2021; and (2) addition of office supplies and relocation cost incurred in Period 2021 of approximately HK\$1,658,000 in aggregate due to relocation of office.

## **E. Share of profit or loss of an associate**

The Company's share of result of an associate for Period 2021 and Period 2020 represented the Company's share of result of 信達建潤地產有限公司 (Cinda Jianrun Property Company Limited\*) ("Cinda Jianrun"), which mainly holds equity interest in a private partnership in the PRC focusing in property development. The turnaround from a loss of approximately HK\$16,674,000 for Period 2020 to a profit of approximately HK\$1,077,000 for Period 2021 in the Company's share of result of Cinda Jianrun was mainly attributable to the increase in interest income generated from its loan receivables during Period 2021.

## **F. Share of profit or loss of a joint venture**

The increase in the Company's share of loss of a joint venture, Zhong Hai You Qi, from approximately HK\$77,381,000 for Period 2020 to approximately HK\$307,119,000 for Period 2021 was mainly attributable to the reasons as mentioned above.

## **EXCHANGE EXPOSURE**

In Period 2021, the Group's principal assets, liabilities, revenue and payments were denominated in HK\$, RMB and US\$. In the opinion of the Board, RMB will remain as 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 anticipate that it will have 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 Period 2021, the Group had no material liability denominated in any foreign currencies other than RMB and US\$. There was also no hedging transaction contracted for by the Group during Period 2021.

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

## TREASURY POLICY

The Group adopts a conservative treasury policy under which the Group keeps its investment costs under control and manages the returns on its investments efficiently. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Group also strives to reduce its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Board closely reviews the Group's liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

## WORKING CAPITAL AND BORROWINGS

As at 30 June 2021, the Group's total short-term and long-term borrowings, senior note and convertible bonds amounted to approximately HK\$3,113,048,000 in aggregate, the composition of which is summarised below:

	<b>(Unaudited)</b> <b>30 June</b> <b>2021</b> <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
Short-term borrowings	<b>296,668</b>	217,848
Long-term borrowings	<b>1,397,421</b>	1,571,112
Senior note	<b>152,993</b>	151,461
Convertible Bonds	<b>1,265,966</b>	1,232,463
Total borrowings	<b>3,113,048</b>	3,172,884
Cash and bank balances (including pledged bank deposits)	<b>(143,549)</b>	(793,520)
Net borrowings	<b><u>2,969,499</u></b>	<b><u>2,379,364</u></b>

Interests for all borrowings of the Group for Period 2021 were charged at fixed and floating rates ranging from 5.35% per annum to 12% per annum (Period 2020: 3.05% to 12% per annum).

Out of the short-term and long-term borrowings of the Group which remained outstanding as at 30 June 2021, approximately HK\$1,630,802,000 (31 December 2020: HK\$1,691,363,000) and approximately HK\$63,287,000 (31 December 2020: HK\$97,597,000) were denominated in RMB and US\$ respectively, and approximately HK\$180,288,000 (31 December 2020: HK\$587,886,000) carried floating interest rates and approximately HK\$1,513,801,000 (31 December 2020: HK\$1,201,074,000) carried fixed interest rates. As at 30 June 2021 and 31 December 2020, the Company also had outstanding senior note and convertible bonds

due in December 2021 and July 2022, which were of the aggregate principal amount of US\$19,800,000 and HK\$1,150,000,000 with interest payable at 7.5% and 7% per annum respectively.

As at 30 June 2021, the Group's cash and bank balances (including pledged bank deposits) were approximately HK\$143,549,000 (31 December 2020: HK\$793,520,000) in aggregate, out of which approximately 35.56%, approximately 64.29% and approximately 0.15% were denominated in HK\$, RMB and US\$ respectively. As at 30 June 2021, the Group's net borrowings (short-term and long-term borrowings, senior note and convertible bonds net of pledged bank deposits and cash and bank balances) were approximately HK\$2,969,499,000 (31 December 2020: HK\$2,379,364,000), which comprised (1) a bank borrowing in the principal amount of approximately RMB150,000,000 due in 2024 (31 December 2020: RMB495,000,000 repayable by instalments with the last instalment due in 2026); (2) a loan in the principal amount of approximately RMB670,000,000 (31 December 2020: RMB670,000,000) due in December 2023; (3) a loan in the principal amount of approximately RMB290,000,000 (31 December 2020: nil) due in April 2024; (4) a loan in the principal amount of approximately RMB108,000,000 (31 December 2020: RMB120,000,000) due in December 2021; (5) a loan in the principal amount of approximately RMB110,700,000 (31 December 2020: RMB123,000,000) due in May 2022; (6) loans in the aggregate principal amount of approximately RMB28,128,000 (31 December 2020: RMB28,128,000) repayable on demand; (7) loans in the aggregate principal amount of approximately US\$8,114,000 (31 December 2020: US\$12,512,000) due in June 2022; (8) convertible bonds in the aggregate principal amount of HK\$1,150,000,000 (31 December 2020: HK\$1,150,000,000) due in July 2022; and (9) senior note in the aggregate principal amount of US\$19,800,000 (31 December 2020: US\$19,800,000) due in December 2021, and the Group's net current assets were approximately HK\$2,818,233,000 (31 December 2020: HK\$3,221,138,000). In addition, the Group had fully utilised its banking facilities as at 30 June 2021 and 31 December 2020 respectively. There is generally no material seasonality of the borrowing requirements of the Group. Based on the foregoing information, the Board is confident that the Group has adequate working capital to meet its daily operations and to finance its future expansion. Notwithstanding this, the Board will seek to dispose of the Group's short and medium term investments to replenish the Group's funds in order to further enhance the Group's working capital to a stronger level.

As at 30 June 2021, the gearing ratio (calculated as short-term and long-term borrowings, senior note and the convertible bonds over equity attributable to owners of the Company) and the current ratio (calculated as current assets over current liabilities) of the Group were 49.22% (31 December 2020: 48.37%) and 4.33x (31 December 2020: 5.21x) respectively. These ratios are key performance indicators used by the management of the Group to measure the Group's level of leverage to ensure the Group has the liquidity to meet its financial obligations at all times. Both ratios have been maintained at good levels during Period 2021.

## **PLEDGE OF ASSETS**

As at 30 June 2021, the Group pledged certain investment properties and leasehold land and buildings with an aggregate carrying value of approximately HK\$1,464,516,000 (31 December 2020: HK\$2,542,850,000) and approximately HK\$203,400,000 (31 December 2020: HK\$198,800,000) respectively to secure general banking facilities granted to the Group, other loans and other payables to an independent third party. As at 30 June 2021, the Group pledged bank deposits of approximately HK\$24,038,000 (31 December 2020: HK\$23,753,000) to secure banking facilities granted to a joint venture of the Company.

## **COMMITMENTS**

As at 30 June 2021, the Group had capital expenditures contracted for but not provided for in its unaudited condensed consolidated financial statements in respect of the acquisition of unlisted equity securities, non-performing assets and an asset management company of approximately HK\$335,330,000 (31 December 2020: HK\$327,791,000) in aggregate. It is expected that these capital expenditures will be settled by cash through internal resources of the Group. Other than the capital commitments as disclosed, the management of the Group does not expect there to be any plans for material investments or capital assets in the coming six months.

## **CONTINGENT LIABILITIES**

As at 30 June 2021 and 31 December 2020, the Group did not have any material contingent liabilities.

## **CAPITAL STRUCTURE**

As at 30 June 2021, the shareholders' fund of the Company was approximately HK\$6,324,951,000 (31 December 2020: HK\$6,559,754,000), representing a decrease of approximately HK\$234,803,000 or 3.58% as compared to that as at 31 December 2020. The decrease was mainly contributed by the combined effect of (1) the appreciation of RMB against HK\$ of approximately 1.19% during Period 2021 and therefore an exchange gain credited to the exchange translation reserve resulting from the translation of the books of the subsidiaries of the Company in the PRC; (2) the loss for Period 2021; and (3) the increase in the fair value of leasehold properties as at 30 June 2021 credited to the assets revaluation reserve.



## ISSUE OF SENIOR NOTE

On 8 December 2020, the Company as the issuer, Mr. Chu Hing Tsung (“Mr. Chu”), the chairman of the Board (“Chairman”), the chief executive officer of the Company (“Chief Executive Officer”) and an executive Director, as the guarantor, CNCB (Hong Kong) Investment Limited (“Investor”) as the investor and CNCB (Hong Kong) Capital Limited as the arranger, entered into a subscription agreement (“Subscription Agreement”), pursuant to which the Company has conditionally agreed to issue to the Investor, and the Investor has conditionally agreed to subscribe for, a senior secured guaranteed note (“Senior Note”) in the aggregate principal amount of US\$19,800,000 (equivalent to approximately HK\$154,440,000) maturing on the date falling one year from the issue date of the Senior Note (“Issue Date”). The consummation of the issue and subscription of the Senior Note is subject to the fulfilment or waiver of all the conditions precedent set out in the Subscription Agreement and will take place within three business days after all such conditions precedent have been fulfilled or waived. Interest shall accrue on the Senior Note from (and including) the Issue Date until (and including) the date on which the Senior Note is redeemed in accordance with the terms and conditions of the Senior Note at the rate of 7.5% per annum on the outstanding principal amount of the Senior Note, payable quarterly in arrears. If an event of default occurs and is continuing, the interest rate for the period from (and including) the date of occurrence of such event of default until (and including) the date on which such event of default ceases to continue, shall be adjusted to a rate of 15% per annum. Pursuant to the Subscription Agreement, the Senior Note is required to be secured by a personal guarantee to be executed by Mr. Chu in favour of the Investor and mortgages to be executed by the Group over certain properties owned by the Group in favour of the Investor. The Senior Note will constitute direct, unconditional, secured, guaranteed, unsubordinated and general obligations of the Company and will rank at least pari passu with all other present and future direct, unconditional, unsecured, unsubordinated and general obligations of the Company.

On 18 December 2020, the Company issued the Senior Note in the aggregate principal amount of US\$19,800,000 (equivalent to approximately HK\$154,440,000) to the Investor. The Board considered that the issue of the Senior Note represented an opportunity to obtain funding for the Group. The net proceeds, after deducting issuance costs, received by the Company from the issue of the Senior Note amounting to approximately US\$19,300,000 (equivalent to approximately HK\$150,540,000), would be used by the Group as its general working capital. As at the date of this announcement, the net proceeds from the issue of the Senior Note have been fully utilised by the Group as intended.

Further details of the Senior Note are set out in the announcement of the Company dated 8 December 2020.

## **ISSUE OF CONVERTIBLE BONDS**

### **Placing of Convertible Bonds to Independent Placee(s)**

On 20 May 2019, the Company entered into a placing agreement (“Placing Agreement”) with CMB International Capital Limited (“Placing Agent”), pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best effort basis, 7% senior unsecured and guaranteed convertible bonds (“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 (“Conversion Price”) of HK\$2.33 per ordinary share with no par value (“Conversion Share”) of the Company (“Placing”).

On 22 May 2019, the Company entered into a subscription agreement (“JIC Subscription Agreement”) with JIC (Hong Kong) Holding Limited (“JIC”) (a placee procured by the Placing Agent, 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 up to HK\$200,000,000 (“JIC Subscription”).

Save for (a) the date of the agreement; (b) the identity of the subscriber; (c) the principal amount of the Convertible Bonds to be subscribed; and (d) the inclusion of two additional conditions precedent to the completion of the JIC Subscription Agreement (namely, (i) Mr. Chu Hing Tsung (“Mr. Chu”), the Chairman of the Company, the Chief Executive Officer, an executive Director and a substantial shareholder (within the meaning of the Listing Rules) of the Company, having executed and delivered to JIC the Guarantees (as defined below); and (ii) the Company shall have completed all of the obligations under the JIC Subscription Agreement required on or before the completion date); the principal terms of the JIC Subscription Agreement are substantially the same as to those of the Connected Subscription Agreements (as defined below). Principal terms of the Connected Subscription Agreements are set out in the sub-section headed “Subscription of Convertible Bonds by Connected Subscribers” below.

### **Subscription of Convertible Bonds by Connected Subscribers**

On 20 May 2019, the Company also entered into a subscription agreement (“Connected Subscription Agreement”, collectively the “Connected Subscription Agreements”) with each of Regent Star International Limited (“Regent Star”), Mr. Gao Jian Min (“Mr. Gao”), Wonderful Sky Financial Group Holdings Limited (“Wonderfulsky”), Ms. Luk Ching Sanna (“Ms. Luk”) and Excel Bright Capital Limited (“Excel Bright”) (collectively the “Connected Subscribers”, and each a “Connected Subscriber”), who were all connected persons (within the meaning of the Listing Rules) of the Company as at the date of the Connected Subscription Agreements, 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 (“Connected Subscriptions”). Mr. Chu has provided personal guarantees (“Guarantees”) in favour of the relevant subscriber pursuant to the JIC Subscription Agreement and the Connected Subscription Agreements.

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 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 interim results announcement, the net proceeds have been fully utilised as intended.

### **Principal terms of the Convertible Bonds**

The issue price of the Convertible Bonds is 100% of the principal amount of the Convertible Bonds, which is HK\$1,150,000,000 in aggregate (among which a principal amount of HK\$200,000,000 was placed to JIC through the Placing; and the principal amount of HK\$450,000,000, HK\$200,000,000, HK\$100,000,000, HK\$100,000,000 and HK\$100,000,000 were subscribed for by Regent Star, Mr. Gao, Wonderfolsky, Ms. Luk and Excel Bright, respectively). The maturity date of the Convertible Bonds (“Maturity Date”) was the date falling on the 36th month from the issue date of the Convertible Bonds. The Convertible Bonds bear interest at the rate of 7% per annum payable semi-annually from the issue date of the Convertible Bonds. Assuming there is no early redemption of the Convertible Bonds and all of the Convertible Bonds are redeemed only on the Maturity Date, the effective interest rate of the Convertible Bonds is approximately 12.0% per annum. The conversion period of the Convertible Bonds is from the issue date of the Convertible Bonds up to the close of business on a date which is five (5) trading days prior to the Maturity Date.

The Conversion Price of HK\$2.33 per Conversion Share represents (i) a premium of approximately 39% to the closing price of HK\$1.68 per Share as quoted on the Stock Exchange on 20 May 2019, being the date of the Placing Agreement and the Connected Subscription Agreements; and (ii) a premium of approximately 40% to the average closing price of HK\$1.66 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement and the Connected Subscription Agreements.

A bondholder of the Convertible Bonds can only exercise his/her/its conversion rights on the conditions that (i) no obligation will arise on the bondholder to make a general offer to the Shareholders for all securities of the Company under Rule 26 of the Takeovers Code upon exercising of the conversion rights; and (ii) no Listing Rules, including the minimum public float requirements of the Company under the Listing Rules, will be breached as a result of an exercise of the conversion rights.

Unless previously redeemed, converted, purchased or cancelled, the Company will redeem all of the Convertible Bonds on the Maturity Date at such amount equivalent to 116.5% of the principal amount of the outstanding Convertible Bonds (inclusive of interests received up to the Maturity Date).

The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves and *pari passu* with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company.

### **Dilutive impact of the conversion of the Convertible Bonds**

As at the date of this interim results announcement, none of the Convertible Bonds has been converted.

Assuming there is full conversion of the Convertible Bonds at the Conversion Price of HK\$2.33 per Share, the net subscription price for each Conversion Share is approximately HK\$2.32 per Share and an aggregate of 493,562,227 Shares shall be allotted and issued (among which 85,836,909 Shares will be issued under the Placing and 407,725,318 Shares will be issued under the Connected Subscriptions), representing approximately 21.4% of the total number of Shares in issue as at the date of this interim results announcement and approximately 17.6% of the total number of Shares in issue as enlarged by the allotment and issue of the Conversion Shares (assuming no other change in the issued share capital of the Company). Such allotment and issue of the Conversion Shares will result in the respective shareholdings of the Shareholders being diluted by approximately 17.6%.

Set out below is the dilution effect on the equity interest of the substantial Shareholders (within the meaning of the Listing Rules) if there had been full conversion of the outstanding Convertible Bonds as at 30 June 2021:

Name of Shareholders	As at 30 June 2021		Upon full conversion of the Convertible Bonds under the Placing		Upon full conversion of the Convertible Bonds under the Connected Subscriptions		Upon full conversion of the Convertible Bonds under the Placing and the Connected Subscriptions	
	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
Zhuguang Holdings (Note)	681,240,022	29.56%	681,240,022	28.5%	681,240,022	25.1%	681,240,022	24.3%
Regent Star	438,056,000	19.01%	438,056,000	18.3%	631,189,047	23.3%	631,189,047	22.6%

*Note:* Zhuguang Holdings Group Company Limited (“Zhuguang Holdings”) owns 681,240,022 Shares through its wholly-owned subsidiary, Splendid Reach Limited. Zhuguang Holdings is owned as to 67.08% by Rong De Investments Limited, and Mr. Chu, the Chairman, the Chief Executive Officer and an executive Director, holds 34.06% of the equity interest in Rong De Investments Limited.

As at 30 June 2021, the Group had total net assets of approximately HK\$7,060,060,000 and total net current assets of approximately HK\$2,818,233,000. Based on the financial and liquidity positions of the Group and to the best knowledge and belief of the Company, the Company expects that it will be able to meet its redemption obligations under the Convertible Bonds.

An analysis of the Company’s share price at which it would be equally financially advantageous for the holders of the Convertible Bonds to convert or redeem the Convertible Bonds based on their implied internal rate of return at a range of dates in the future is set out below:

	<b>Share price (HK\$)</b>
31 December 2021	2.8775 per Share
3 July 2022 (i.e. the Maturity Date, on which the Company will redeem all of the Convertible Bonds at such amount equivalent to 116.5% of the principal amount of the outstanding Convertible Bonds, inclusive of interests received up to the Maturity Date, unless any of such Convertible Bonds have already been previously redeemed, converted, purchased or cancelled)	2.7960 per Share

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 2021, the Group employed 101 employees (31 December 2020: 104 employees) in Hong Kong and in the PRC. Total employee benefit expenses for Period 2021 were approximately HK\$31,619,000, as compared to those of approximately HK\$30,058,000 for Period 2020.

During Period 2021, the Group offered its employees competitive remuneration packages, which were consistent with the prevailing market practices in the relevant jurisdictions. The remuneration package for each employee of the Group contains a combination or modification of some or all of the following four main components: (1) basic salary; (2) incentive bonus; (3) share options (no share option scheme of the Company in force as at the date of this interim results announcement); and (4) other benefits, such as statutory retirement scheme and medical insurance. Incentive bonus and share options for each employee are determined with reference to the employee's position, performance and ability to contribute to the overall success of the Group. The Group's remuneration policies remained unchanged during Period 2021. The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. As the Group sees career development as an important aspect of its employees, ongoing training has been provided to the employees according to the needs of the Group during Period 2021.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (Period 2020: nil).

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance in the interests of its shareholders.

The Board acknowledges its responsibilities for preparing the condensed consolidated financial statements of the Group, which give a true and fair view of the state of affairs of the Company and of the Group on a going concern basis. In preparing the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021, the Board has selected suitable accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable.

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 (“Code”) contained in Appendix 14 to the Listing Rules throughout Period 2021.

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 10 June 2021. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent 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 (“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 Period 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During Period 2021, 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 Period 2021 will be dispatched to the Shareholders and published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.silvergrant.com.hk](http://www.silvergrant.com.hk)) in due course.

## **AUDIT COMMITTEE**

The Company established an audit committee (“Audit Committee”) with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Hung Muk Ming, Mr. Liang Qing and Mr. Zhang Lu. Mr. Hung Muk Ming is the chairman of the Audit Committee.

The unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

## **CHANGES IN BOARD MEMBERS**

After the end of the reporting period, Mr. Huang Jiajue resigned as an executive Director, the Chief Executive Officer, a member of the remuneration committee (“Remuneration Committee”) of the Board and an authorised representative (“Authorised Representative”) of the Company under Rule 3.05 of the Listing Rules with effect from 1 August 2021.

Following Mr. Huang Jiajue’s resignation, with effect from 1 August 2021, (1) Mr. Chu Hing Tsung, the Chairman, has been re-designated from a non-executive Director to an executive Director, and appointed as the Chief Executive Officer and an Authorised Representative; (2) Mr. Wang Ping, an executive president of the Company, has been appointed as an executive Director; and (3) Mr. Luo Zhihai, an executive Director, has been appointed as a member of the Remuneration Committee.

## **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.

On behalf of the Board  
**Silver Grant International Holdings Group Limited**  
**Chu Hing Tsung**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 30 August 2021

*As at the date of this announcement, the Board comprises Mr. Chu Hing Tsung (Chairman and Chief Executive Officer), Mr. Luo Zhihai, Mr. Tang Lunfei and Mr. Wang Ping as executive Directors; Mr. Chen Zhiwei as a non-executive Director; and Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming as independent non-executive Directors.*