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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)

POSITIVE PROFIT ALERT

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 (“**Board**”) of directors (“**Directors**”, each a “**Director**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on information currently available, the Group is expected to record a profit attributable to the owners of the Company for the year ended 31 December 2019, as compared with the loss attributable to the owners of the Company of approximately HK\$49,375,000 recorded for the year ended 31 December 2018.

The expected turnaround in the results mentioned above was a combined effect of the following:

- (i) the increase in other income, gains and losses, as compared with those for the year ended 31 December 2018 of approximately HK\$78,761,000, which was mainly attributable to the increase in the interest income generated through advances provided by the Group during the year ended 31 December 2019;
- (ii) a gain on bargain purchase from the Merger (as defined below) recorded for the year ended 31 December 2019 (which was absent in the year ended 31 December 2018) in relation to the disposal of the Group’s trading of petrochemical products and provision of sub-contracting 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**

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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 subsidiary (i.e. the Company effectively held approximately 34.72% of the equity interest of ZHYQ JV);

- (iii) the improvement in the performance of the trading of petrochemical products and provision of subcontracting service business of the Group from the year ended 31 December 2018 (during which it was operated through TZ United East and Zhong Hai You Qi), to the year ended 31 December 2019 (during which it was operated through TZ United East and Zhong Hai You Qi for the period from 1 January 2019 up to the Completion, and through ZHYQ JV for the period from the Completion up to 31 December 2019), mainly attributable to the improved efficiency in the operations and production of ZHYQ JV resulted from the Merger;
- (iv) the turnaround from a gain of approximately HK\$122,429,000 in the change in fair value of financial assets at fair value through profit or loss (“**Financial Assets**”) for the year ended 31 December 2018 to a loss for the year ended 31 December 2019, as a result of (a) the decline in the fair value of the Financial Assets held by the Group as at 31 December 2019, compared with their fair value as at 31 December 2018; and (b) the profit realised by the Group from the disposal of its Financial Assets during the year ended 31 December 2018, while no Financial Assets were disposed of by the Group in the year ended 31 December 2019; and
- (v) the increase in finance costs incurred for the year ended 31 December 2019 from those incurred for the year ended 31 December 2018 in the amount of approximately HK\$113,333,000, due to the issue 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.

The Company is still in the process of preparing its unaudited consolidated results for the year ended 31 December 2019. 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 the year ended 31 December 2019 and information currently available to the Company, which have not been audited by the auditor of the Company and may therefore be subject to change. The Group’s preliminary results for the year ended 31 December 2019 are expected to be announced before the end of March 2020.

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

By order of the Board
Silver Grant International Holdings Group Limited
Chu Hing Tsung
Chairman

Hong Kong, 24 March 2020

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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.