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## **SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED**

### **銀建國際實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 171)**

### **PROFIT WARNING ANNOUNCEMENT**

This announcement is made by Silver Grant International Industries Limited 銀建國際實業有限公司 (the “**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) (“**SFO**”).

The board of directors of the Company (“**Board**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2018 (“**Year 2018**”) and the information currently available to the Board and subject to the finalization of the fair values of certain financial assets which may generate gains or loss, it is expected that the profit attributable to owners of the Company will record a change from profit to loss for the Year 2018 as compared to that of 2017.

Year 2018’s results recorded a change from profit to loss was mainly due to the results of the subsidiary Tai Zhou United East Petrochemical Company Limited (“**TZ United East**”) and the principal associate Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited (“**Zhong Hai You Qi**”) were both affected by (a) the turbulence of international crude oil prices; and (b) TZ United East’s voluntary suspension of its production for a five months period from May to September 2018 in order to carry out the necessary major overhaul on its production facilities. As TZ United East was unable to earn subcontracting income from Zhong Hai You Qi during the period of suspended production to mitigate its operating expenditure, TZ United East therefore recorded a significant increase in operating losses. At the same time, as TZ United East was not able to provide subcontracting services to Zhong Hai You Qi during the period of suspended production, Zhong Hai You Qi has to change its production method to produce and sell petrochemical products with much lower profit margins. Moreover, international crude oil prices suddenly dropped significantly in the

last two months of 2018, resulted in a significant decrease in the profit contribution of Zhong Hai You Qi arising from the decrease in the gross margin of its products and the provision of impairment loss in respect of its inventories.

As at the date of this announcement, the Company is still in the process of finalizing the consolidated annual results of the Group for the Year 2018. Hence, the information contained in this announcement is based on a preliminary review by the Board on the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company. Shareholders of the Company and potential investors are advised to read carefully the announcement of the annual results of the Group for the Year 2018 which is expected to be released on 29 March 2019.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Silver Grant International Industries Limited**  
**銀建國際實業有限公司**  
**Chow Kwok Wai**  
*Company Secretary*

Hong Kong, 8 March 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.*