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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)

CONNECTED TRANSACTION PROPOSED PLACING AND SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Placing Agent



**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



PROPOSED PLACING AND SUBSCRIPTION OF CONVERTIBLE BONDS

(I) Placing of Convertible Bonds to Independent Placee(s)

On 20 May 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company conditionally agreed to place, through the Placing Agent on a best effort basis, the Convertible Bonds in the aggregate principal amount of up to HK\$200,000,000 at the Conversion Price of HK\$2.33 per Share to the placee(s) to be procured by the Placing Agent.

(II) Subscriptions of Convertible Bonds by Connected Subscribers

On 20 May 2019 (after trading hours), the Company entered into the Subscription Agreements with each of Regent Star, Mr. Gao, Wonderfulsky, Ms. Luk and Excel Bright. Pursuant to the respective Subscription Agreements, the Company conditionally agreed to issue Convertible Bonds in 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 at the Conversion Price of HK\$2.33 per Share to Regent Star, Mr. Gao, Wonderfulsky, Ms. Luk and Excel Bright, respectively.

The performance of the Company's obligations under the Subscription Agreements and the Convertible Bonds to be entered by the Independent Placee(s) and entered by the Connected Subscribers are secured by the Guarantee provided by Mr. Chu.

The Subscription Agreements to be entered by the Independent Placee(s) and entered by each of the Connected Subscribers are independent and not inter-conditional upon each other.

The terms of the Convertible Bonds to be issued under the Placing and the Subscriptions are identical in all material aspects.

Upon completion of the Placing and the Subscriptions and assuming the aggregate principal amount of up to HK\$1,150,000,000 of the Convertible Bonds is issued by the Company and there is full conversion of the Convertible Bonds at the Conversion Price of HK\$2.33 per Share, an aggregate of 493,562,227 Conversion Shares shall be allotted and issued, representing approximately 21.4% of the total number of Shares in issue as at the date of this 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). The Conversion Shares will be allotted and issued pursuant to the Specific Mandate upon conversion of the Convertible Bonds.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Connected Subscribers are connected persons of the Company for the reasons as detailed in the section headed "Information of the Company and the Connected Subscribers". Accordingly, the transactions contemplated under the Subscription Agreements entered with the Connected Subscribers constitute connected transactions of the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be held and convened for the Shareholders to consider and, if thought fit, approve the Placing and the grant of the Placing Specific Mandate; and for the Independent Shareholders consider and, if thought fit, approve the Subscriptions and the grant of the Subscription Specific Mandate.

A circular containing, among other things, (i) further details of the Placing and the Subscriptions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Subscriptions; (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or around 10 June 2019.

Shareholders are advised to note that completion of the Placing and the Subscriptions are subject to the fulfillment or waiver (if applicable) of the conditions precedent set out in the Placing Agreement and the Subscription Agreements. The Placing and/or the Subscriptions may or may not proceed. Shareholder are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PROPOSED PLACING AND ISSUE OF CONVERTIBLE BONDS

(I) Placing of Convertible Bonds to Independent Placee(s)

On 20 May 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, the principal terms of which are as follows:

Date: 20 May 2019 (after trading hours)

Parties: the Company (as issuer)

CMB International Capital Limited (as placing agent)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing:

Pursuant to the Placing Agreement, the Company conditionally agreed to place, through the Placing Agent on a best effort basis, the Convertible Bonds of an aggregate principal amount of up to HK\$200,000,000 at the Conversion Price of HK\$2.33 to the placee(s) to be procured by the Placing Agent.

The Company will, through the Placing Agent, place the Convertible Bonds to the placee(s) who are Independent Third Parties to the best knowledge, information and belief of the Directors and having made reasonable enquiries, and enter into Subscription Agreement(s) with such Independent Placee(s).

Save for the date of agreement, identity of the subscriber(s) and the principal amount of the Convertible Bonds to be subscribed, the principal terms of the Subscription Agreement(s) to be entered by the Independent Placee(s) shall be substantially same as those of the Subscription Agreements entered with the Connected Subscribers in all material aspects. Principal terms of the Subscription Agreements are set out in the section headed “(II) Subscription of Convertible Bonds by Connected Subscribers” below.

Conditions Precedent:

Completion of the Placing is conditional upon fulfillment or waiver (if applicable) of the following conditions:

- (a) prior to the Independent Placee(s) having entered into the Subscription Agreement(s) with the Company: (i) the Placing Agent being satisfied with all documentation for the Placing; (ii) the Placing Agent being satisfied with the customary know-your-customer checks on the Company; (iii) in the determination of the Placing Agent, the absence of any material adverse change in the financial condition, operations or prospects of the Company; (iv) the Placing Agent being satisfied with the market conditions; and (v) the Placing Agent having received all required governmental and other approvals in relation to the Placing on its part;
- (b) the Independent Placee(s) having entered into the Subscription Agreement(s) with the Company;
- (c) the Shareholders of the Company having passed the resolution(s) to authorise the Board to approve the Placing Agreement, the Subscription Agreement(s) to be entered into between the Independent Placee(s) and the Company and the transactions contemplated thereunder at the EGM; and
- (d) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares to be issued and allotted upon the exercise of the conversion rights attached to the Convertible Bonds.

In the event the above conditions cannot be fulfilled on or before 31 July 2019 (or such other date as the Company and the Placing Agent may agree in writing), the Placing Agreement will lapse and become null and void and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches thereof.

Independent Placee(s):

The Convertible Bonds will be placed to Independent Placee(s) who are and whose ultimate beneficial owners are expected to be Independent Third Parties and not acting in concert (as such term is defined in Takeovers Code) with the connected persons of the Company.

In the event the number of Independent Placee(s) procured by the Placing Agent is less than six, the Company will make further announcement to disclose the information of the Independent Placees in accordance with the requirements of the Listing Rules as and when appropriate.

Placing Period:

Commencing from the date of the Placing Agreement and terminating at completion on 31 July 2019 (or such other period as agreed by the Company and the Placing Agent in writing).

Placing Commission:

The Company shall pay to the Placing Agent a fee equal to USD120,000 (equivalent to approximately HK\$936,000) within five business days after completion of the Subscription Agreement(s) to be entered into between the Company and the Independent Placee(s). Such fee is determined after arm's length negotiations based on current market conditions and taking into account other similar transactions. The Directors are of the view that the placing commission payable for the placing is fair and reasonable.

Termination:

The Placing Agreement shall be terminated upon the earliest of:

- (i) completion of the issue and placement of the Convertible Bonds pursuant to the Placing Agreement and the Subscription Agreement(s) to be entered into between the Company and the Independent Placee(s);
- (ii) failure to fulfil all conditions under the Placing Agreement on or before the 31 July 2019;
or
- (iii) in the event of any breach by the Company of any of the representations and warranties in the Placing Agreement or any event has occurred or any matter has arisen on or after the date of the Placing Agreement and prior to the completion of the issue and placement

of the Convertible Bonds which would render any of such representations and warranties untrue or incorrect or there has been a material breach by the Company of any other provision of the Placing Agreement, and such breach, event and matter, in the sole opinion of the Placing Agent, would be likely to prejudice materially and adversely the consummation of the Placing.

The circumstance (iii) above is only applicable prior to the signing of the Subscription Agreement(s) between the Company and the Independent Placee(s).

Completion:

Completion of the Placing shall take place upon completion of the issue and placement of the Convertible Bonds pursuant to the Placing Agreement and the Subscription Agreement(s) to be entered into between the Company and the Independent Placee(s).

(II) Subscription of Convertible Bonds by Connected Subscribers

On 20 May 2019 (after trading hours), the Company entered into the Subscription Agreements with each of Regent Star, Mr. Gao, Wonderfulsky, Ms. Luk and Excel Bright. Save for the identity of the subscribers and the principal amounts of the Convertible Bonds to be subscribed, the terms of the Subscription Agreements entered with each of the Connected Subscribers are identical in all material aspects and set out as follows:

Date: 20 May 2019 (after trading hours)

Parties: the Company (as issuer)

the relevant Connected Subscriber (as subscriber)

The Subscription:

Pursuant to the Subscription Agreements, the Company conditionally agreed to issue and the relevant Connected Subscriber conditionally agreed to subscribe for the Convertible Bonds at the Conversion Price of HK\$2.33.

The principal amounts of the Convertible Bonds to be subscribed by Regent Star, Mr. Gao, Wonderfulsky, Ms. Luk and Excel Bright are HK\$450,000,000, HK\$200,000,000, HK\$100,000,000, HK\$100,000,000 and HK\$100,000,000, respectively.

Conditions Precedent:

Completion of the Subscription Agreements is conditional upon fulfillment or waiver (if applicable) of the following conditions:

- (a) the relevant subscriber having conducted due diligence exercise (technical, financial and legal) on the Group and satisfied with the results thereof;
- (b) the relevant subscriber having obtained all necessary approvals for completion of its subscription of the Convertible Bonds (in accordance with its internal decision-making procedures if such subscriber is a corporate person);
- (c) the relevant subscriber having completed all relevant third-party entities' (including but not limited to any government or regulatory department) required approval(s) and/or filing procedures for completion of its subscription of the Convertible Bonds in accordance with applicable laws;
- (d) the representations and warranties under the Transaction Documents being true, correct and complete when made and remaining true, correct and complete and not misleading as at the completion date;
- (e) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject to conditions to which neither the Company nor the relevant subscriber objects) the approval for the listing of, and permission to deal in, the Conversion Shares to be issued and allotted upon the exercise of the conversion rights attached to the Convertible Bonds which remains in full force and effect;
- (f) the passing by the Shareholders or the Independent Shareholders (as the case maybe) at the general meeting to be convened by the Company of the necessary resolution(s) to approve the allotment and issuance of the Convertible Bonds and Conversion Shares under the Specific Mandate, the relevant Subscription Agreement and the transactions contemplated thereunder, and such approval not having been revoked, amended and having remained fully effective;
- (g) the compliance by the Company of any other requirements under the Listing Rules and the Takeover Code or otherwise of the Stock Exchange and the SFC which requires compliance in relation to the relevant Subscription Agreement and transactions contemplated thereunder; and
- (h) having obtained all necessary approvals and consents from any government or regulatory authority or any person and the completion of all necessary registration and filings with any government or regulatory authority required for the entering into of the relevant Subscription Agreement and/or the performance of the obligations thereunder by the Company.

Save for conditions (e) to (h), all other conditions may be waived by the relevant subscriber in whole or in part in writing. Each of the Company and the relevant subscriber shall use their respective best endeavours to procure the satisfaction of the conditions above on or before 31 July 2019 (or such other date as the Company and the relevant subscriber may agree in writing), failing which the relevant Subscription Agreement will lapse and become null and void and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches thereof.

Guarantee:

Pursuant to the relevant Subscription Agreement, Mr. Chu shall provide the Guarantee to the relevant subscriber on or around the date of the relevant Subscription Agreement.

Completion:

Completion of the relevant Subscription Agreement shall take place on the third (3rd) business day after all conditions precedent under the relevant Subscription Agreement are fulfilled or waived (if applicable), or such other date as the Company and the relevant subscriber may agree in writing.

The Subscription Agreements to be entered by the Independent Placee(s) and entered by each of the Connected Subscribers are independent and not inter-conditional upon each other.

GUARANTEE

Pursuant to the Guarantee to be provided by Mr. Chu as guarantor in favour of the relevant subscribers under the Subscription Agreements to be entered with the Independent Placee(s) and already entered with the Connected Subscribers, Mr. Chu shall unconditionally and irrevocably guarantee, as principal debtor and not merely as surety, guarantee the due and punctual payment of all or any sums (whether principal, interest, fees or otherwise) which are or at any time may become due and payable by the Company to the subscriber under the Transaction Documents; and (ii) the due and punctual performance and observance by the Company of its obligations under the Transaction Documents (the “**Guaranteed Obligations**”). In the event the Company defaults for any reason whatsoever in the performance of any of the Guaranteed Obligations, Mr. Chu shall forthwith upon receipt of the written demand from the relevant subscriber, perform and satisfy (or procure the performance and satisfaction of) the obligation or liability in regard to which such default has been made in the manner prescribed by the Transaction Documents.

As at the date of this announcement, Mr. Chu is the chairman of the Company, a non-executive Director and a substantial shareholder of the Company. Accordingly, he is a connected person of the Company and the Guarantees to be provided by him constitutes connected transactions of the Company. Nonetheless, since the Guarantees will be provided by Mr. Chu on normal commercial terms or better to the Group, and do not required to be secured by the assets of the Group, such financial assistance to be provided by Mr. Chu is fully exempt from the announcement, shareholders’ approval and annual review requirements pursuant to Rule 14A.90 of the Listing Rules.

CONVERTIBLE BONDS

Principal terms:

Save for the principal amount of the Convertible Bonds to be subscribed by each of the Subscribers, the principal terms of the Convertible Bonds to be issued under the Subscriptions are identical in all material aspects, a summary of which are as follows:

Issuer	: the Company
Principal amount	: Up to HK\$1,150,000,000 in aggregate (among which a principal amount up to HK\$200,000,000 will be placed to Independent Places through the Placing; and Regent Star, Mr. Gao, Wonderfolsky, Ms. Luk and Excel Bright will subscribe for the principal amounts of HK\$450,000,000, HK\$200,000,000, HK\$100,000,000, HK\$100,000,000 and HK\$100,000,000, respectively.
Issue price	: 100% of the principal amount of the Convertible Bonds.
Denomination	: HK\$10,000,000
Maturity date	: 36th month from the issue date of the Convertible Bonds
Interest	: 7% per annum payable semi-annually from the issue date of the Convertible Bonds
Conversion Price	: HK\$2.33 per Conversion Share, subject to adjustment upon occurrence of events which include consolidation, sub-division and reclassification of the Shares; capitalization of profits; capital distributions; rights issues of Shares, options over Shares or other securities of the Company; issue of Shares or other securities of the Company in discount; modification of rights of conversion and other offer of securities.

The Conversion Price 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 Subscription Agreement; 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 Subscription Agreement.

The Conversion Price was determined after the Company having conducted arm's length negotiations between the Connected Subscribers and the Placing Agent, respectively, with reference to the prevailing market price of the Shares as quoted on the Stock Exchange.

Conversion Shares : The Conversion Shares will be credited as fully paid and rank pari passu in all respects with, and within the same class as the Shares in issue as at the date of allotment and issue of the Conversion Shares.

Upon completion of the Placing and the Subscription and assuming the aggregate principal amount of up to HK\$1,150,000,000 of the Convertible Bonds is issued by the Company and there is full conversion of the Convertible Bonds at the Conversion Price of HK\$2.33 per Share, an aggregate of 493,562,227 Conversion Shares shall be allotted and issued (among which 85,836,909 Conversion Shares will be issued under the Placing and 407,725,318 Conversion Shares will be issued under the Subscription), representing approximately 21.4% of the total number of Shares in issue as at the date of this 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).

Conversion period : From the issue date of the Convertible Bonds up to the close of business on date which is five (5) trading days prior to the maturity date.

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

Redemption on maturity : 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)

Early Redemption : *By the Company:*

The Company may at any time during the Conversion Period, having given not less than thirty (30) days' irrevocable notice to the bondholders, redeem all or part of the Convertible Bonds in integral multiple of HK\$10,000,000 at the Early Redemption Amount. The early redemption amount shall be the principal amount of the Convertible Bonds (including the outstanding and unpaid interest and other amounts (if any) calculated up to the early redemption date) (the "**Applicable Redemption Amount**") plus an amount that would make up an aggregate internal rate of return on the relevant amount of the Convertible Bonds at 12% per annum thereon (having included the interest paid) calculated from the Issue Date to (and including) the early redemption date.

Upon occurrence of event(s) of default:

A bondholder may require the Company to redeem all or part of the Convertible Bonds in integral multiple of HK\$10,000,000 at the Early Redemption Amount any time after the occurrence of an event of default. The early redemption amount shall be the principal amount of the Applicable Redemption Amount plus an amount that would make up an aggregate internal rate of return on the relevant portion of the principal amount of Bonds at fifteen per cent (15%) per annum (having included the interest paid, but excluding all default interest (whether accrued, paid or unpaid)) calculated during the period from the Issue Date to (and including) the actual date of payment.

Default interest : Upon the occurrence of an event of default, an additional default interest of 24% per annum will be accrued on the basis of the actual number of days elapsed and a 360-day year from the date of occurrence of such event of default and ending on the date on which full payment is made to the bondholder in accordance with the terms and conditions of the Convertible Bonds.

Transferability : Subject to compliance with applicable laws, rules and regulations (including but not limited to the Listing Rules and the Takeovers Code), the Convertible Bonds are transferrable in integral multiple of HK\$10,000,000 except to direct competitors of the Company.

Status and listing : 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.

No application is intended to be made for the listing of the Convertible Bonds on any stock exchange.

The Convertible Bonds shall not confer on the bondholder(s) any right to attend or vote at any general meeting of the Company.

The Conversion Shares to be issued upon exercise of Conversion Rights under the Convertible Bonds will be issued under the Placing Specific Mandate and the Subscription Specific Mandate, which are subject to approval by the Shareholders and the Independent Shareholders at the EGM.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

INFORMATION OF THE COMPANY AND THE CONNECTED SUBSCRIBERS

The Company is a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange. The Group is principally engaged in property investment, property leasing, other investments and production and trading of petrochemical products.

Regent Star is a company incorporated in the British Virgin Islands which is indirectly wholly-owned by China Cinda Asset Management Co., Ltd., a company incorporated in the PRC whose ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 1359). Regent Star is principally engaged in domestic and foreign non-performing assets investment, equity investment, mezzanine investments, debt investments and securities investments, medium and long-term bonds issuance, high quality assets and structured fixed income products and cross-border financial services. As at the date of this announcement, Regent Star directly owns 438,056,000 Shares, representing approximately 19.01% of the issued share capital of the Company. Accordingly, it is a connected person of the Company.

Mr. Gao is a resident of Hong Kong. As at the date of this announcement, he is an executive Director and the managing Director of the Company. Accordingly, Mr. Gao is a connected person of the Company.

Wonderfulsky is a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1260). It is principally engaged in the provision of financial public relations services and arrangement and coordination of international roadshows. As at the date of this announcement, Mr. Liu, a former executive Director and the deputy managing Director of the Company who resigned from the aforesaid positions in January 2019, indirectly owns approximately 67.56% of the issued share capital of Wonderfulsky. Accordingly, Wonderfulsky is an associate of Mr. Liu and therefore a connected person of the Company.

Ms. Luk is a resident of Hong Kong. As at the date of this announcement, she is spouse of Mr. Liu. Accordingly, Ms. Luk is an associate of Mr. Liu and therefore a connected person of the Company.

Excel Bright is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in general investment in Hong Kong. As at the date of this announcement, it is wholly-owned by Ms. Hui, the elder sister of Mr. Hui Xiao Bing, a former non-executive Director of the Company and the vice-chairman of the Board who has resigned in January 2019. Accordingly, Excel Bright is an associate of Mr. Hui and therefore a connected person of the Company.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION

The Directors consider that the issue of the Convertible Bonds will provide the Company with (i) immediate funding to repay its short-term debt and optimize its capital structure without immediate dilution of the shareholding of the existing Shareholders; (ii) funding for its expansion to financial investment and service businesses to further diversify its exposure to specific markets and operations; (iii) an opportunity to enlarge and strengthen its capital base and also broaden its shareholder base by the introduction of new investors, if the Conversion Rights attached to the Convertible Bonds are exercised.

It is noted that upon Completion and assuming full conversion of the Convertible Bonds by the Subscribers, the shareholding of the existing Shareholders (other than the Subscribers) will be diluted, details of which are set out in the sub-section headed “Effects on Shareholding Structure of the Company” in this announcement.

Save and except for (i) Mr. Gao who will abstain for the board resolutions in respect of his subscription of the Convertible Bonds of HK\$200,000,000; (ii) Mr. Ma Yilin and Mr. Chen Zhiwei who also hold the positions of director and/or senior management in Regent Star or its associates are considered to have material interest in the Subscription and abstained from voting on the relevant board resolutions in respect of Regent Stars subscription of the Convertible Bonds of HK\$450,000,000; and (iii) the independent non-executive Directors who will express their views on the Subscription after considering of the advice of the Independent Financial Adviser) the Board considers that the terms of the Placing Agreement and the Subscription Agreements entered with the Connected Subscribers are fair and reasonable and the entering into of the Placing Agreement and the Subscription Agreements entered with the Connected Subscribers is in the interests of the Company and the Shareholders as a whole.

PROPOSED USE OF PROCEEDS FROM THE ISSUE OF THE CONVERTIBLE BONDS

The gross proceeds from the issue of Convertible Bonds will be approximately HK\$1,150,000,000. The net proceeds from the issue of the Convertible Bonds, after deduction of all relevant costs and expenses, will be approximately HK\$1,147,000,000, among which (i) approximately HK\$500,000,000 will be used for repaying the Company's short-term debt; (ii) approximately HK\$400,000,000 will be used for expanding the Company's business to financial investment and service industry, such as acquisition of and investment in distressed debt in the PRC; and (iii) approximately HK\$250,000,000 will be used as general working capital of the Company.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not carry out any equity fund raising activity in the past twelve months.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Bonds under the Placing; (iii) upon full conversion of the Convertible Bonds under the Subscription; and (iv) upon full conversion of the Convertible Bonds under the Placing and the Subscription (assuming no other change in the issued share capital of the Company in circumstances (ii), (iii) and (iv)):

Shareholders	As at the date of this announcement		Upon full conversion of the Convertible Bonds under the Placing		Upon full conversion of the Convertible Bonds under the Subscription		Upon full conversion of the Convertible Bonds under the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Zhuguang Holdings ⁽¹⁾	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
Mr. Gao	—	—	—	—	85,836,909	3.1	85,836,909	3.1
Wonderfulsky	—	—	—	—	42,918,454	1.6	42,918,454	1.5
Ms. Luk	—	—	—	—	42,918,454	1.6	42,918,454	1.5
Excel Bright	—	—	—	—	42,918,454	1.6	42,918,454	1.5
Independent Placee(s)	—	—	85,836,909	3.6	—	—	85,836,909	3.1
Other public shareholders	1,185,553,589	51.43	1,185,553,589	49.6	1,185,553,589	43.7	1,185,553,589	42.4
Total	2,304,849,611	100.00	2,390,686,520	100.00	2,712,574,929	100.00	2,798,411,838	100.00

Note:

- (1) 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 61.92% by Rong De Investments Limited, and Mr. Liao Tengjia and Mr. Chu, the chairman of the Company holds 36% and 34.06% equity interest in Rong De Investments Limited.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Connected Subscribers are connected persons of the Company for the reasons as detailed in the section headed “Information of the Company and the Connected Subscribers”. Accordingly, the transactions contemplated under the Subscription Agreements entered with the Connected Subscribers constitute connected transactions of the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be held and convened for the Shareholders to consider and, if thought fit, approve the Placing and the grant of the Placing Specific Mandate; and for the Independent Shareholders consider and, if thought fit, approve the Subscription and the grant of the Subscription Specific Mandate. Regent Star who is interested in the Subscription Agreement, together with its associates, shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the grant of the Specific Mandate at the EGM. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, each of Mr. Gao, Wonderfulsky, Ms. Luk and Excel Bright (together with their respective associates) does not own any voting rights in the share capital of the Company; and save for Regent Star and its associates, no Shareholder is interested in the Placing and the Subscription and will be required to abstain from voting on the resolutions to approve the Placing, the Subscription and the grant of the Specific Mandate at the EGM.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Subscriptions. Opus Capital Limited has been appointed as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Placing and the Subscriptions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Subscriptions; (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions; and (iv) a notice convening the EGM, will be dispatched to the Shareholders on or around 10 June 2019.

Shareholders are advised to note that completion of the Placing and the Subscriptions are subject to the fulfillment or waiver (if applicable) of the conditions precedent set out in the Placing Agreement and the Subscription Agreements. The Placing and/or the Subscription may or may not proceed. Shareholder are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

“Board”	board of Directors
“Company”	Silver Grant International Industries Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Subscribers”	Regent Star, Mr. Gao, Wonderfalsky, Ms. Luk and Excel Bright
“Conversion Price”	HK\$2.33 per Conversion Share (subject to price adjustments)
“Conversion Share(s)”	the Share(s) to be issued by the Company upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the instrument constituting the Convertible Bonds
“Convertible Bond(s)”	the 7% senior unsecured and guaranteed convertible bonds in the aggregate principal amount of up to HK\$1,150,000,000 due 2022 to be issued by the Company to the Independent Placee(s) and Connected Subscribers under the Placing and the Subscriptions
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider, among other things, the ordinary resolutions to be proposed to approve the Placing and the Subscriptions and the grant of the Specific Mandate
“Excel Bright”	Excel Bright Capital Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Ms. Hui
“Group”	the Company and its subsidiaries
“Guarantee(s)”	the personal guarantees to be provided by Mr. Chu to the relevant subscribers pursuant to the Subscription Agreements under the Placing and the Subscriptions
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board which comprises all the independent non-executive Directors, namely Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming, established to advise the Independent Shareholders in respect of the Subscriptions
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions
“Independent Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates which are independent of the Company and procured to subscribe for any of the Convertible Bonds
“Independent Shareholder(s)”	Shareholders other than Regent Star and its associates who are required to abstain from voting on the resolutions in relation to the relevant Subscriptions and the grant of the Subscription Specific Mandate at the EGM
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	Mr. Chu Hing Tsung, the chairman of the Company, a non-executive Director and a substantial shareholder
“Mr. Liu”	Mr. Liu Tianni, a former executive Director and the deputy managing Director of the Company who has resigned in January 2019
“Mr. Gao”	Mr. Gao Jian Min, an executive Director and the managing Director of the Company
“Ms. Hui”	Ms. Hui Xiaohui, the elder sister of Mr. Hui Xiao Bing, a former non-executive Director of the Company and the vice-chairman of the Board who has resigned in January 2019

“Ms. Luk”	Ms. Luk Ching Sanna, spouse of Mr. Liu
“Placing”	the placing of the Convertible Bonds in the principal amount of up to HK\$200,000,000 by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	CMB International Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Placing Agreement”	the placing agreement dated 20 May 2019 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM to allot and issue the Conversion Shares pursuant to the Placing Agreement and the Subscription Agreement(s) to be entered into between the Company and the Independent Placee(s)
“PRC”	the People’s Republic of China
“Regent Star”	Regent Star International Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with no par value of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the Placing Specific Mandate and the Subscription Specific Mandate collectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription(s)”	the subscriptions of the Convertible Bonds in the aggregate principal amount of HK\$950,000,000 to the Connected Subscribers, among which Regent Star, Mr. Gao, Wonderfolsky, Ms. Luk and Excel Bright shall subscribed for HK\$450,000,000, HK\$200,000,000, HK\$100,000,000, HK\$100,000,000 and HK\$100,000,000

“Subscription Agreement(s)”	the five subscription agreements dated 20 May 2019 entered into between the Company and each of Regent Star, Mr. Gao, Wonderfalsky, Ms. Luk and Excel Bright in respect of the Subscriptions; and the subscription agreement(s) to be entered into between the Company and each of the Independent Placee(s) in respect of the Placing
“Subscription Specific Mandate”	the respective specific mandate to be sought from the Independent Shareholders at the EGM to allot and issue the Conversion Shares pursuant to the Subscription Agreements entered with the Connected Subscribers
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Transaction Documents”	the Subscription Agreement, the Convertible Bond instrument, the Convertible Bond Certificate, the Guarantee and any other document designated in writing as such by the Company and the relevant subscriber of the Convertible Bonds
“Wonderfalsky”	Wonderful Sky Financial Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares of which are listed on the Main Board of the Stock Exchange (stock code: 1260)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Silver Grant International Industries Limited
Huang Jiajue
Executive Director

Hong Kong, 20 May 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.