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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)

2022 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 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	**(Unaudited)** **Six months ended 30 June 2022** ***HK$'000***	(Unaudited) 2021 *HK$'000*
Rental income	*4*	**58,934**	43,574
Direct operating expenses		**(3,584)**	(5,882)
		55,350	37,692
Dividend income from listed and unlisted securities	*4*	**136**	—
Other income, gains and losses	*4*	**277,560**	155,684
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(108,892)**	(36,144)
Change in fair value of a derivative financial instrument		**(22,279)**	15,681
(Impairment)/reversal of impairment of financial assets, net		**(40,264)**	18,868
Administrative expenses		**(46,479)**	(93,717)
Change in fair value of investment properties		**(33,831)**	31,313
Finance costs	*5*	**(277,064)**	(166,760)
Share of profit/(loss) of:			
— associates		**4,721**	1,077
— joint ventures		**58,214**	(307,119)
Loss before taxation	*7*	**(132,828)**	(343,425)
Taxation	*6*	**6,970**	(7,528)
Loss for the period		**(125,858)**	(350,953)
Loss attributable to:			
— owners of the Company		**(146,349)**	(251,333)
— non-controlling interests		**20,491**	(99,620)
		(125,858)	(350,953)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted (HK cents per share)	*8*	**(6.35)**	(10.90)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(125,858)**	(350,953)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**(209,141)**	15,114
Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(209,141)**	15,114
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
(Loss)/gain on property revaluation	**(1,410)**	11,906
Income tax effect	**151**	—
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(1,259)**	11,906
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(210,400)**	27,020
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(336,258)**	(323,933)
Total comprehensive loss attributable to:		
Owners of the Company	**(313,583)**	(234,803)
Non-controlling interests	**(22,675)**	(89,130)
	(336,258)	(323,933)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	**(Unaudited) As at 30 June 2022** ***HK$'000***	(Audited) As at 31 December 2021 *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**2,584,101**	2,730,045
Property, plant and equipment		**262,683**	271,659
Right-of-use assets		**47,602**	51,773
Other intangible assets		**2,814**	2,814
Interests in associates		**325,578**	335,507
Interests in joint ventures		**1,623,920**	1,568,397
Amount due from an associate		**534,373**	560,690
Amounts due from joint ventures		**1,687,561**	1,747,964
Financial assets at FVTPL		**23,517**	167,689
Total non-current assets		**7,092,149**	7,436,538
CURRENT ASSETS			
Trade receivables	*10*	**1,689**	4,377
Deposits, prepayments and other receivables		**817,954**	714,075
Amount due from a joint venture		**51,520**	61,078
Loan receivables		**2,608,558**	2,239,727
Financial assets at FVTPL		**967,326**	952,679
Derivative financial instruments		**—**	22,280
Pledged bank deposits		**23,392**	24,450
Cash and bank balances		**90,077**	116,755
Total current assets		**4,560,516**	4,135,421
CURRENT LIABILITIES			
Accrued charges, rental deposits and other payables		**411,963**	405,116
Interest-bearing bank and other borrowings		**541,024**	541,037
Taxation payable		**108,121**	109,457
Lease liabilities		**2,045**	2,048
Convertible bonds		**1,339,126**	1,301,494
Total current liabilities		**2,402,279**	2,359,152

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 (Continued)

NOTES:

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

(a) Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of those items, in profit or loss. The amendments also clarify that an entity is testing whether an asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Since the amendments apply retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments, the Group will not be affected by these amendments on the date of transition.

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 FVTPL and loan receivables; and

(b) the property leasing segment representing the holding of properties for rental income and/or

Six months ended 30 June 2021 (Unaudited)

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

Geographical information

Revenue from external customers

	(Unaudited)	(Unaudited)
	Revenue	
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**136**	—
People's Republic of China (the "PRC" or "China")	**58,934**	43,574
	59,070	43,574

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)
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Revenue from other sources		
Gross rental income	**58,934**	43,574
Dividend income from listed and unlisted securities	**136**	—
	59,070	43,574

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

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Interest income		
— amounts due from an associate	**—**	11,874
— amounts due from a joint venture	**37,401**	40,389
— loan receivables	**206,846**	101,168
— bank deposits	**120**	1,418
Net foreign exchange loss	**(886)**	(1,573)
Government grants	**80**	—
Others	**33,999**	2,408
	277,560	155,684

5. FINANCE COSTS

An analysis of finance costs is as follows:

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Interest on bank loans	**6,800**	5,770
Interest on other loans	**190,335**	77,604
Interest on convertible bonds	**77,871**	73,743
Interest on senior note	**—**	7,285
Interest on lease liability	**2,058**	2,358
	277,064	166,760

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

7. LOSS BEFORE TAXATION

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

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**6,790**	5,417
Depreciation of right-of-use assets	**1,985**	1,981
Change in fair value of financial assets at FVTPL	**108,892**	36,144

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)	(Unaudited)
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Loss for the period attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculations	**(146,349)**	(251,333)

	Six months ended 30 June	
	2022	2021
	in thousand	*in thousand*
Number of shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations	**2,304,850**	2,304,850

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 2022 and 2021 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 2022 (six months ended 30 June 2021: 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:

	(Unaudited) **As at 30 June 2022** ***HK$'000***	(Audited) As at 31 December 2021 *HK$'000*
0 to 30 days	**1,689**	4,377

11. COMMITMENTS

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

	(Unaudited) **As at 30 June 2022** ***HK$'000***	(Audited) As at 31 December 2021 *HK$'000*
Contracted, but not provided for:		
Unlisted equity securities	**175,439**	183,374

BUSINESS REVIEW

During the six months ended 30 June 2022 ("Period 2022"), international crude oil prices increased due to the complex and unstable situations in mainland China and overseas, such as the conflict between Russia and Ukraine which triggered a wave of sanctions from Western countries against Russia, accelerating global inflation. In response to the current economic situation, the Federal Reserve Board of Governors of the U.S. ("Federal Reserve") undertook a tight monetary policy and announced an increase in the federal funds rate range in March, May, June, and July this year, with the increase amounting to 225 basis points in aggregate, causing substantial shocks to the global economic growth and the financial markets. In China, strict lockdown measures, inter-city travel restrictions and quarantine requirements for inbound travellers have been implemented by the government in response to the resurging Coronavirus Disease 2019 ("COVID-19") pandemic, especially in the city that has contributed the most to the national gross domestic product, Shanghai, which has adopted static management in April and May this year, leading to a sharp contraction in economic activities and a significant slowdown in economic growth during Period 2022. On the other hand, the long-term cash flow crisis of the real estate industry in China, being the major pillar of the local economy, has posed significant impacts on fixed asset investments, local fiscal revenue, the financial industry and employment, resulting in rising interest rates, weaker-than-expected economic growth, reduced confidence from consumers and investors, and poor market sentiment.

Despite the significant fluctuations in international crude oil prices and the recurring outbreak of COVID-19 in China, Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited* (中海油氣(泰州)石化有限公司) ("Zhong Hai You Qi"), the Company's joint venture, was profitable during Period 2022. In addition, the operation management team of Zhong Hai You Qi has strived to achieve effective cost reduction and efficiency enhancement during Period 2022, resulting in a decrease in the total cost per tonne of oil and an increase in the profit per tonne of oil, as compared to those for the six months ended 30 June 2021 ("Period 2021"). During Period 2022, the second phase of Zhong Hai You Qi's project for the development of high-end lubricant oil products has been progressing as scheduled. It is expected that the construction of the facilities to manufacture such lubricant oil products will commence by the end of this year.

Investment

During Period 2022, the expectation of interest rate hikes intitated by the Federal Reserve has triggered a decline in the prices of most of the global assets. Coupled with unfavourable investor sentiment, both the Group's progress in realising its non-performing asset investments with real estate being the underlying assets and the yield generated from these investments were significantly under expectation. After due consideration, the Group has adjusted its business strategy in a timely manner and decided to speed up the disposal of its existing investments.

** English name is translated for identification purpose only*

On the other hand, the Group has redirected its focus to equity investments in Period 2022, targeting the new energy industry and its sub-sectors. Driven by the vision of "carbon neutrality", the world is entering into an important historical period of high-carbon to low-carbon transition. Against such backdrop, it is expected that there will be technological competition centred around carbon neutrality, leading to long-term development of the new energy industry. The Group believes that the new energy industry will enter into a long-term growth period in the next two decades due to the high demand brought about by the transformation of the energy structure, and engagement in relevant sub-sectors of the new energy industry will become an essential initiative for the Group to seek strategic transformation.

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets

Property Leasing

The rental income from the Group's property leasing business amounted to approximately HK$58,934,000 for Period 2022, representing an increase of approximately 35.25% from that of approximately HK$43,574,000 for Period 2021. Revenue from the Group's property leasing business segment was derived from East Gate Plaza, an investment property of the Group located in Beijing, China, which comprises a residential section and a commercial section. The increase in the rental income for Period 2022 was caused by (i) the increase in the occupancy rate of East Gate Plaza from approximately 80% in Period 2021 to approximately 85% in Period 2022, as a result of the ongoing increased marketing efforts of the Group's property operation team to actively recruit new tenants for the vacant areas in East Gate Plaza and retain the existing tenants of the property; (ii) the improvement in the Group's property management service standard and the re-branding of the commercial section of East Gate Plaza by the Group to attract more high-quality tenants; and (iii) the increase in the average rental rate of East Gate Plaza of RMB728 per square metre per month in Period 2021 to RMB758 per square metre per month in Period 2022, which were partially offset by the loss on the foreign exchange translation of the rental income due to the depreciation of the RMB against the HK$ during Period 2022.

PROSPECTS AND OUTLOOK

Looking forward to the second half of 2022, it is expected that the global economy will continue to face considerable uncertainties. Further tightening of monetary policies in major Western

(a) the turnaround in the result of Zhong Hai You Qi from a loss of approximately HK$307,119,000 for Period 2021 to a profit of approximately HK$58,214,000 for Period 2022, mainly attributable to (i) the additional sales tax and related tax surcharge and late fee of approximately RMB490,000,000 in total incurred by Zhong Hai You Qi during Period 2021, which were absent during Period 2022; (ii) the change of Zhong Hai You Qi's product mix to petrochemical products with higher profit margins in Period 2022; and (iii) the improvement of Zhong Hai You Qi's production process, which resulted in a reduction in its production costs in Period 2022;

(b) the increase in other income, gains and losses from approximately HK$155,684,000 for Period 2021 to approximately HK$277,560,000 for Period 2022, mainly due to the increase in the interest income arising from the increase in the loan receivables during Period 2022; and

(c) the increase in the finance costs incurred by the Group from approximately HK$166,760,000 for Period 2021 to approximately HK$277,064,000 for Period 2022, mainly attributable to the increase in the Group's bank loans and other borrowings during Period 2022 from those during Period 2021.

The basic loss per share attributable to ordinary equity holders of the Company was 6.35 HK cents for Period 2022 (Period 2021: basic loss per share of 10.90 HK cents).

A. Rental income

The increase in the rental income earned by the Group from approximately HK$43,574,000 for Period 2021 to approximately HK$58,934,000 for Period 2022 was mainly due to the increase in both the occupancy rate and the average rental rate per square metre per month of the Group's investment property located in Beijing from Period 2021 to Period 2022, which was partially offset by the loss on the foreign exchange translation of the rental income resulted from the depreciation of the RMB against the HK$ during Period 2022.

B. Interest income

The increase in interest income (excluding interest income from bank deposits) from approximately HK$153,431,000 for Period 2021 to approximately HK$244,247,000 for Period 2022 was mainly due to the increase in the interest income generated from loan receivables from approximately HK$101,168,000 for Period 2021 to approximately HK$206,846,000 for Period 2022.

C. Change in fair value of financial assets at FVTPL

The increase in the loss in the fair value of the financial assets at FVTPL from approximately HK$36,144,000 for Period 2021 to approximately HK$108,892,000 for Period 2022 was mainly attributable to the amounts of fair value loss recognised by the Group on its major financial asset, NT Trust Scheme, and one of its non-performing loan portfolios of approximately HK$28,948,000 (Period 2021: HK$5,014,000) and approximately HK$68,572,000 (Period 2021: HK$33,076,000) respectively.

D. Administrative expenses

The decrease in administrative expenses from approximately HK$9

As at 30 June 2022, the Group's cash and bank balances (including pledged bank deposits) were approximately HK$113,469,000 (31 December 2021: HK$141,205,000) in aggregate, out of which approximately 4.44% (31 December 2021: 35.8%), approximately 95.51% (31 December 2021: 57.2%) and approximately 0.05% (31 December 2021: 7.0%) were denominated in HK$, RMB and US$ respectively. As at 30 June 2022, the Group's total borrowings were approximately HK$5,455,668,000 (31 December 2021: HK$5,036,159,000), which comprised (i) a loan in the principal amount of approximately RMB1,980,000,000 (31 December 2021: RMB1,600,000,000) repayable by instalments with the last instalment due in 2026; (ii) a loan in the principal amount of approximately RMB670,000,000 (31 December 2021: RMB670,000,000) due in December 2023; (iii) a loan in the principal amount of RMB86,130,000 (31 December 2021: RMB97,200,000) due in December 2022; (iv) a loan in the principal amount of approximately RMB110,700,000 (31 December 2021: RMB110,700,000) due in December 2022; (v) loans in the aggregate principal amount of approximately RMB28,128,000 (31 December 2021: RMB28,128,000) repayable on demand; (vi) a loan in the principal amount of approximately RMB141,000,000 (31 December 2021: RMB145,500,000) due in February 2024; (vii) a loan in the principal amount of approximately RMB290,000,000 (31 December 2021: RMB290,000,000) due in April 2024; (viii) c

(i) the Group will continue to implement measures to speed up the collection of outstanding loan receivables;

(ii) the Group will continue to take measures to expedite the disposal of financial asset investments, including equity investments and non-performing assets; and

(iii) the Group has been actively negotiating with its creditors for refinancing the borrowings which are due within a year.

Having reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2022, the Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited interim condensed consolidated financial statements of the Group on a going concern basis.

PLEDGE OF ASSETS

As at 30 June 2022, the Group pledged certain investment properties and leasehold land and buildings with an aggregate carrying value of approximately HK$2,522,649,000 (31 December 2021: HK$2,650,502,000) and abemat,lve.6 (,)yK$2,195,04B00 (31cemr 2021:.

CAPITAL STRUCTURE

As at 30 June 2022, the shareholders' fund of the Company was approximately HK$4,917,761,000 (31 December 2021: HK$5,231,344,000), representing a decrease of approximately HK$313,583,000 or approximately 5.99% as compared to that as at 31 December 2021. The decrease was mainly contributed by (i) the depreciation of the RMB against the HK$ of approximately 4.33% during Period 2022 and therefore an exchange loss charged to the exchange translation reserve resulting from the translation of the books of the subsidiaries of the Company in the PRC; and (ii) the loss of the Group for Period 2022.

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 ("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) of the Company), 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 chair î я ʹ ! J Þ

Subscription of Convertible Bonds by the 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 subscribers 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 was 100% of the principal amount of the Convertible Bonds, which was 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 amounts 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, Wonderfulsky, Ms. Luk and Excel Bright, respectively).

On 6 July 2022, the Company (as issuer), the Connected Subscribers and JIC (collectively, the "Subscribers") (as subscribers), and " &

(ii) the interest rate of the Convertible Bonds shall be adjusted from 7% per annum for the period from and including the issue date ("Issue Date") of the Convertible Bonds to 4 July 2022 ("Relevant Payment Date"), to (1) seven per cent. (7%) per annum for the period from and including the Issue Date to the Relevant Payment Date; and (2) twelve per cent. (12%) per annum for the period from the date immediately after the Relevant Payment Date to the Maturity Date;

(iii) the amount payable by the Company to redeem all the Convertible Bonds on the Maturity Date ("Outstanding Bonds") in accordance with the instrument constituting the Convertible Bonds executed by the Company on 3 July 2019 ("Bond Instrument") shall be adjusted from 116.5% of the entire principal amount of the Outstanding Bonds as at the Maturity Date (inclusive of interests received up to the Maturity Date), to a sum equal to the aggregate of (1) 100% of the principal amount of the Outstanding Bonds; and (2) the interests on 100% of the principal amount of the Outstanding Bonds accrued at 12% per annum for the period from the date immediately after the Relevant Payment Date up to and including the Maturity Date;

(iv) the Convertible Bonds shall be secured by pledges over the receivables of the Group (mainly the loans granted by the Group to its joint venture, associates and independent third parties) and the equity interests in the subsidiaries and associates of the Company holding receivables of the Group, and the status of the Convertible Bonds set out in the Bond Instrument shall be adjusted from direct, guaranteed, unsecured, unsubordinated and unconditional obligations of the Company, which shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other present and future direct, unsecured, unsubordinated and unconditional obligations of the Company, to direct, guaranteed, secured, unsubordinated and unconditional obligations of the Company, which shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other present and future direct, secured, unsubordinated and unconditional obligations of the Company; and

(v) the period of the notice to be given by the Company to the Subscribers for early redemption of the Convertible Bonds by the Company shall be adjusted from not less than thirty (30)

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 of the Company ("Shareholders") for all securities of the Company under Rule 26 of the Code on Takeovers and Mergers 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.

As at the date of this announcement, none of the Convertible Bonds have been redeemed, converted or cancelled.

Dilutive impact of the conversion of the Convertible Bonds

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 2022:

Name of Shareholders	As at 30 June 2022		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 66.85% by Rong De Investments Limited, and Mr. Chu, the Chairman, a Co-Chief Executive Officer and an executive Director, holds 34.06% of the equity interest in Rong De Investments Limited.

As at 30 June 2022, the Group had total net assets of approximately HK$5,381,975,000 and total net current assets of approximately HK$2,158,237,000. 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:

	Share price *(HK$)*
30 December 2022 (i.e. the Maturity Date, on which the Company will redeem all of the Convertible Bonds at such amount equal to the aggregate of (i) 100% of the principal amount of the Outstanding Bonds; and (ii) the interest on 100% of the principal amount of the Outstanding Bonds accrued at 12% per annum for the period from the date immediately after the Relevant Payment Date up to and including the Maturity Date, unless any of such Convertible Bonds have already been previously redeemed, converted, purchased or cancelled)	2.4698 per Share

Details of the Placing, the JIC Subscription, the Connected Subscriptions, the Amendment Deeds and the Proposed Amendments are set out in the announcements of the Company dated 20 May 2019, 22 May 2019, 27 June 2019, 6 July 2022, 11 July 2022 and 15 July 2022, and the circulars of the Company dated 10 June 2019 and 5 August 2022.

HUMAN RESOURCES

As at 30 June 2022, the Group employed 78 employees (31 December 2021: 84 employees) in Hong Kong and in the PRC. Total employee benefit expenses for Period 2022 were approximately HK$29,579,000, as compared to those of approximately HK$31,619,000 for Period 2021.

During Period 2022, 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

Provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period under review, the Company did not have a separate chairman and chief executive officer ("Chief Executive Officer"). Mr. Chu assumed the roles of the Chairman and the Chief Executive Officer during the period from 1 January 2022 to 12 May 2022 and those of the Chairman and a Co-Chief Executive Officer during the period from 13 May 2022 to 30 June 2022. The Board believes that vesting both the roles of chairman and chief executive officer/co-chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions efficiently.

Provision F.2.2 of the Code stipulates that the chairman of the board should attend the annual

The unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2022 have been reviewed by the Audit Committee.

CHANGES IN BOARD MEMBERS

With effect from 13 May 2022, Mr. Chu, the Chairman and an executive Director, has been re-designated from the Chief Executive Officer to a Co-Chief Executive Officer.

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, Co-Chief Executive Officer and Executive Director

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises Mr. Chu Hing Tsung (Chairman and Co-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.