



SILVER GRANT INTERNATIONAL HOLDINGS GROUP LIMITED
銀建國際控股集團有限公司

(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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Six months ended 30 June 2022	(Unaudited) 2021
	(125,858)	(350,953)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		
	<u>(209,141)</u>	<u>15,114</u>
Total other comprehensive (loss)/income that may be	<u>(209,141)</u>	<u>15,114</u>
Other comprehensive (loss)/income that will not be		
(Loss)/gain on property revaluation	(1,410)	11,906
	<u>151</u>	<u>—</u>
Net other comprehensive (loss)/income that will not be	<u>(1,259)</u>	<u>11,906</u>
	<u>(210,400)</u>	<u>27,020</u>
	<u>(336,258)</u>	<u>(323,933)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(313,583)	(234,803)
Non-controlling interests	<u>(22,675)</u>	<u>(89,130)</u>
	<u>(336,258)</u>	<u>(323,933)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30 June 2022	(Audited) As at 31 December 2021
NON-CURRENT ASSETS		
Investment properties	2,584,101	2,730,045
	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
	23,517	167,689
Total non-current assets	7,092,149	7,436,538
CURRENT ASSETS		
Trade receivables	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
	967,326	952,679
	—	22,280
	23,392	24,450
	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
	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

	(Unaudited) As at 30 June 2022	(Audited) As at 31 December 2021
NET CURRENT ASSETS	2,158,237	1,776,269
TOTAL ASSETS LESS CURRENT LIABILITIES	9,250,386	9,212,807
NON-CURRENT LIABILITIES		
	3,575,518	3,193,628
Lease liabilities	52,059	52,404
Deferred tax liabilities	240,834	248,542
Total non-current liabilities	3,868,411	3,494,574
Net assets	5,381,975	5,718,233
EQUITY		
Equity attributable to owners of the Company		
Share capital	3,626,781	3,626,781
Reserves	1,290,980	1,604,563
	4,917,761	5,231,344
Non-controlling interests	464,214	486,889
	5,381,975	5,718,233

1. BASIS OF PREPARATION

ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34

The financial information relating to the year ended 31 December 2021 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

(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 2021 to the

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 2022 are consistent with those

Amendments to HKAS 16

Amendments to HKAS 37

Annual Improvements to

with a reference to the
issued in June 2018 without significantly changing its

a liability. The exception specifies that, for liabilities and contingent liabilities that would be

date. Since the amendments apply prospectively to business combinations for which the
these amendments on the date of transition.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of
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 any such
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is
onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate
directly to the contract. Costs that relate directly to a contract include both the incremental
costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other
management and supervision costs). General and administrative costs do not relate directly to
a contract and are excluded unless they are explicitly chargeable to the counterparty under the
of the Group.

that are expected to be applicable to the Group are as follows:

whether the terms of a new or modified financial liability are substantially different
from the terms of the original financial liability. These fees include only those paid or
received between the borrower and the lender, including fees paid or received by either
the borrower or lender on the other's behalf. The amendment did not have any impact on

: removes the illustration of payments from the lessor relating to

removes potential confusion regarding the treatment of lease incentives when applying

3. OPERATING SEGMENT INFORMATION

the following reporting segments:

- (b) the property leasing segment representing the holding of properties for rental income and/or potential for capital appreciation.

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

corporate expenses are excluded from such measurement.

does not regularly review segment assets and liabilities.

Six months ended 30 June 2022 (Unaudited)

	Investments	Property leasing	Total
Revenue			
— Rental income	—	58,934	58,934
— Dividend income from listed and unlisted securities	136	—	136
	<u>136</u>	<u>58,934</u>	<u>59,070</u>
	<u>69,425</u>	<u>2,405</u>	<u>71,830</u>
Other unallocated income, gains and losses			34,776
Corporate expenses			(27,363)
			<u>(275,006)</u>
— associates			4,721
— joint ventures			58,214
Loss before taxation			(132,828)
Taxation			<u>6,970</u>
Loss for the period			<u>(125,858)</u>

Six months ended 30 June 2021 (Unaudited)

	Investments	leasing	Total
Revenue			
— Rental income	—	43,574	43,574
Other unallocated income, gains and losses			2,170
Corporate expenses			(69,249)
— 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

	(Unaudited) Revenue Six months ended 30 June 2022	(Unaudited) Revenue Six months ended 30 June 2021
Hong Kong	136 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) Six months ended 30 June 2022	(Unaudited) 2021
Gross rental income	58,934	43,574
Dividend income from listed and unlisted securities	136	—
	<u>59,070</u>	<u>43,574</u>

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

	(Unaudited) Six months ended 30 June 2022	(Unaudited) 2021
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
	120	1,418
Net foreign exchange loss	(886)	(1,573)
Government grants	80	—
Others	33,999	2,408
	<u>277,560</u>	<u>155,684</u>

5. FINANCE COSTS

	(Unaudited) Six months ended 30 June 2022	(Unaudited) 2021
	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
	<u>277,064</u>	<u>166,760</u>

6. TAXATION

Kong incurred tax losses for both reporting periods.

made based on the Group's estimated assessable profits calculated in accordance with the relevant Corporate Income Tax ("CIT Law") and the Implementation Regulation of the CIT Law, the tax rate

The withholding tax arising from the dividend income received from the Company's subsidiaries in

	(Unaudited) Six months ended 30 June 2022	(Unaudited) 2021
Current:	430	968
Deferred	<u>(7,400)</u>	<u>6,560</u>
Total tax (credit)/charged for the period	<u>(6,970)</u>	<u>7,528</u>

7. LOSS BEFORE TAXATION

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

	(Unaudited) Six months ended 30 June 2022	(Unaudited) 2021
	6,790	5,417
Depreciation of right-of-use assets	1,985	1,981
	108,892	36,144

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

Company are based on the following data:

	(Unaudited) Six months ended 30 June 2022	(Unaudited) 2021
the Company used in the basic and diluted loss per share calculations	<u>(146,349)</u>	<u>(251,333)</u>
	Six months ended 30 June 2022	2021

Number of shares:

Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations	<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

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

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	(Audited) As at 31 December 2021
0 to 30 days	<u>1,689</u>	<u>4,377</u>

11. COMMITMENTS

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

	(Unaudited) As at 30 June 2022	(Audited) As at 31 December 2021
Contracted, but not provided for:	<u>175,439</u>	<u>183,374</u>

BUSINESS REVIEW

increased due to the complex and unstable situations in mainland China and overseas, such as the against Russia, accelerating global inflation. In response to the current economic situation, the this year, with the increase amounting to 225 basis points in aggregate, causing substantial been implemented by the government in response to the resurging Coronavirus Disease 2019 leading to a sharp contraction in economic activities and a significant slowdown in economic 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

中海油

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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

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.

Property Leasing

The rental income from the Group's property leasing business amounted to approximately

in Beijing, China, which comprises a residential section and a commercial section. The increase in

PROSPECTS AND OUTLOOK

the country, focus on stabilising employment and prices, actively expand domestic demand and maintain economic operations within a reasonable range, which will reduce the impacts of the global turmoil on China.

In view of the complex and severe external environment, the Group has also re-examined its will strengthen its budget management, consolidate its internal control system, and optimise its operation mechanism. In terms of business, the Group will realise its investments progressively,

FINANCIAL REVIEW

The loss attributable to the owners of the Company decreased to approximately HK\$146,349,000

2022, mainly attributable to (i) the additional sales tax and related tax surcharge and late fee

- (b) the increase in other income, gains and losses from approximately HK\$155,684,000 for
and

A. Rental income

The increase in the rental income earned by the Group from approximately HK\$43,574,000

was partially offset by the loss on the foreign exchange translation of the rental income

B. Interest income

C. Change in fair value of financial assets at FVTPL

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

D. Administrative expenses

E. Share of profit or loss of joint ventures

EXCHANGE EXPOSURE

effect on the financial position of the Group. However, the Board will closely monitor the future

In addition, the Board does not anticipate that there will be any material exchange exposure to the Group in respect of other currencies.

TREASURY POLICY

WORKING CAPITAL AND BORROWINGS

As at 30 June 2022, the Group's total short-term and long-term borrowings and convertible bonds amounted to approximately HK\$5,455,668,000 in aggregate, the composition of which is summarised below:

	(Unaudited) 30 June 2022	(Audited) 31 December 2021
Short-term borrowings	541,024	541,037
Long-term borrowings	3,575,518	3,193,628
Convertible bonds	1,339,126	1,301,494
Total borrowings	5,455,668	5,036,159
Less:	(113,469)	(141,205)
Net borrowings	5,342,199	4,894,954

While approximately HK\$178,500,000 and HK\$3,938,042,000 of the Group's long-term and respectively, approximately HK\$176,700,000, HK\$3,552,320,000 and HK\$5,645,000 of the Group's long-term and short-term borrowings outstanding as at 31 December 2021 were of the Group which remained outstanding as at 30 June 2022, approximately HK\$2,363,822,000 (31 December 2021: HK\$1,912,311,000) carried floating interest rates and approximately June 2022, the Group also had outstanding convertible bonds due in July 2022, which were of the details of such convertible bonds are set out in the section headed "Issue of Convertible Bonds" below.

approximately HK\$113,469,000 (31 December 2021: HK\$141,205,000) in aggregate, out of

HK\$5,455,668,000 (31 December 2021: HK\$5,036,159,000), which comprised (i) a loan in the

(viii) convertible bonds in the aggregate principal amount of HK\$1,150,000,000 (31 December

amount of HK\$180,000,000 (31 December 2021: HK\$180,000,000) due in December 2022, and the Group's net current assets were approximately HK\$2,158,237,000 (31 December 2021: HK\$1,776,269,000). In addition, the Group had fully utilised its loan facilities as at 30 June 2022

to dispose of the Group's short and medium term investments to replenish the Group's funds in

- (i) the Group will continue to implement measures to speed up the collection of outstanding
- (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,

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 approximately HK\$195,700,000 (31 December 2021:

loans and other payables to an independent third party. As at 30 June 2022, the Group pledged

COMMITMENTS

As at 30 June 2022, the Group had capital expenditures contracted for but not provided for in its

HK\$175,439,000 (31 December 2021: HK\$183,374,000 entirely for the purchase of unlisted

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 2022, the Group provided corporate guarantees of approximately HK\$3,087,520,000 (31 December 2021: HK\$3,841,990,000) in respect of the loans granted to a joint venture.

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

ISSUE OF CONVERTIBLE BONDS

Placing of Convertible Bonds to Independent Placee(s)

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,

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").

Subscription of Convertible Bonds by the Connected Subscribers

Subscription Agreement”, collectively the “Connected Subscription Agreements”) with each of

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

provided personal guarantees (“Guarantees”) in favour of the relevant subscribers pursuant to the JIC Subscription Agreement and the Connected Subscription Agreements.

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

(ii) approximately HK\$400,000,000 would be used for expanding the Company’s business to the

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

Bonds, which was HK\$1,150,000,000 in aggregate (among which a principal amount of HK\$450,000,000, HK\$200,000,000, HK\$100,000,000, HK\$100,000,000 and HK\$100,000,000 respectively).

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

A bondholder of the Convertible Bonds can only exercise his/her/its conversion rights on the shareholders of the Company (“Shareholders”) for all securities of the Company under Rule 26 of the Securities Exchange Act of 1934, as amended, if the exercise of such conversion rights 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

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

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

the meaning of the Listing Rules) if there had been full conversion of the outstanding Convertible Bonds as at 30 June 2022:

[illegible]

As at 30 June 2022, the Group had total net assets of approximately HK\$5,381,975,000 and that it will be able to meet its redemption obligations under the Convertible Bonds.

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

have already been previously redeemed, converted, purchased or cancelled)

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

share options (no share option scheme of the Company is in force as at the date of this interim

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.

CORPORATE GOVERNANCE

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

statements of the Group, which give a true and fair view of the state of affairs 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 2022, the Board has (i) selected suitable accounting

statements on the going concern basis.

As at 30 June 2022, despite the Group having net current assets of approximately bonds in an aggregate amount of approximately HK\$1,880,150,000 were due to be repaid within

Notwithstanding the aforesaid, the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are prepared on a going concern basis.

separate and should not be performed by the same individual. During the period under review,

the roles of chairman and chief executive officer/co-chief executive officer in the same person 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

unable to attend the annual general meeting of the Company held on 22 June 2022. 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

Code”) contained in Appendix 10 to the Listing Rules.

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

any of the listed securities of the Company.

INTERIM FINANCIAL REPORT

Company (www.silvergrant.com.cn) 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 systems of the Group. As at the date of this announcement, the Audit Committee comprises three

June 2022 have been reviewed by the Audit Committee.

CHANGES IN BOARD MEMBERS

APPRECIATION

in achieving the Group's business goals.

On behalf of the Board
Silver Grant International Holdings Group Limited
Chu Hing Tsung

Hong Kong, 30 August 2022