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If you have sold or transferred all your shares in **Silver Grant International Holdings Group Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

- (I) VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE TRANSACTIONS INVOLVING THE DISPOSAL OF
LOAN INTEREST OF THE GROUP;
(II) VERY SUBSTANTIAL ACQUISITION IN RELATION TO
THE TRANSACTIONS INVOLVING THE TRANSFER OF
THE TARGET PROPERTIES;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



紅日資本有限公司

RED SUN CAPITAL LIMITED

Unless the context otherwise requires, all capitalised terms used in this circular shall have the same meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 6 to 17 of this circular. A notice convening the EGM to be held at Room 1, 26/F, Guangzhou Jiayu Center, 769 Huacheng Avenue, Tianhe District, Guangzhou, Guangdong Province, the PRC on Friday, 28 February 2025 at 10:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use in the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Wednesday, 26 February 2025) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

12 February 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “associates” | has the meaning ascribed to it under the Listing Rules |
| “Bank” | the Zhihang branch of Bank of Guangzhou Company Limited* (廣州銀行股份有限公司紙行支行), a bank in the PRC, being the lender under the Entrusted Loans |
| “Beihai Mao Yuan” | Beihai Mao Yuan Investment Co., Limited (北海茂元投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Beijing East Gate” | East Gate (Beijing) Property Management Co., Ltd.* (東環(北京)物業管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, being the borrower under the Entrusted Loan Agreement |
| “Board” | the board of Directors |
| “Borrowers” | a total of 54 borrowers under the respective Loan Agreements, all of which are Independent Third Parties |
| “Business Day” | a day on which the Stock Exchange is open for the transaction of business |
| “Charged Properties” | certain investment properties owned by Beijing East Gate located in Beijing, the PRC pledged under the Entrusted Loan A |
| “Company” | Silver Grant International Holdings Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange |
| “Completion” | completion of the Transactions in accordance with the terms and conditions of the Loan Assignment Agreement |
| “Completion Date” | on a date falling within five Business Days after the day on which all conditions precedents under the Loan Assignment Agreement have been satisfied (or such other date as the Company and Guangdong Zhuguang may agree in writing) |
| “connected person” | has the meaning ascribed to it under the Listing Rules |

DEFINITIONS

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| “Consideration” | RMB2,200 million (equivalent to approximately HK\$2,428 million), being the total consideration to be satisfied by Guangdong Zhuguang to the Company in accordance with the terms and conditions of the Loan Assignment Agreement |
| “Debt Novation” | the novation of all obligations and liabilities of Beijing East Gate under the Entrusted Loan Agreements to Guangdong Zhuguang upon Completion |
| “Deed of Novation” | the deed of novation to be entered into by Guangdong Zhuguang in relation to the Debt Novation |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the disposal of the Loan Interest by the Company to Guangdong Zhuguang pursuant to the Loan Assignment Agreement |
| “EGM” | an extraordinary general meeting of the Company to be held at 10:00 a.m. on Friday, 28 February 2025 at Room 1, 26/F, Guangzhou Jiayu Center, 769 Huacheng Avenue, Tianhe District, Guangzhou, Guangdong Province, the PRC to consider and, if thought fit, approve the Loan Assignment Agreement and the Transactions |
| “Entrusted Loan A” | an entrusted loan with the original principal amount of RMB1,880 million provided by the Bank to Beijing East Gate under the Entrusted Loan Agreement A |
| “Entrusted Loan Agreement A” | an entrusted loan agreement (as amended and supplemented by a supplemental entrusted loan agreement on even date) dated 6 July 2021 entered into among Beijing East Gate as borrower, the Bank as lender, and the PRC Institution A as entrusting party |
| “Entrusted Loan Agreement B” | an entrusted loan agreement dated 6 July 2021 entered into among Beijing East Gate as borrower, the Bank as lender, and the PRC Institution B as entrusting party |
| “Entrusted Loan Agreements” | collectively, Entrusted Loan Agreement A and Entrusted Loan Agreement B |
| “Entrusted Loan B” | an entrusted loan with the original principal amount of approximately RMB100 million provided by the Bank to Beijing East Gate under the Entrusted Loan Agreement B |
| “Entrusted Loans” | collectively, Entrusted Loan A and Entrusted Loan B |

DEFINITIONS

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| “Group” | the Company and its subsidiaries |
| “Guangdong Zhuguang” | Guangdong Zhuguang Group Company Limited* (廣東珠光集團有限公司), a company established in the PRC with limited liability, the ultimate beneficial owners of which are Mr. Xie Bingzhao* (謝炳釗) and Mr. Zhu Gelian* (朱各亮) |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Shareholders” | the Shareholders and/or their respective associates who are entitled to vote at the EGM and are not required under the Listing Rules to abstain from voting at the EGM |
| “Independent Third Party(ies)” | person(s), who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules |
| “Latest Practicable Date” | 5 February 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Lender(s)” | collectively, (i) the Company; (ii) Silver Grant International Finance; (iii) Silver Grant International Guangzhou; (iv) Yinjian Energy Trading; (v) Beihai Mao Yuan; (vi) Beijing East Gate; and (vii) Taizhou Yinjian, each a Lender |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan(s)” | each loan advanced by the Lenders to the Borrowers pursuant to the Loan Agreements and to be transferred and assigned to Guangdong Zhuguang upon Completion |
| “Loan Agreement(s)” | each loan agreement entered into between respective Lenders as lender and respective Borrowers as borrower during the period from March 2021 to December 2023 in relation to the Loans |
| “Loan Assignment Agreement” | the Loan Assignment Agreement dated 27 June 2024 entered into between the Company and Guangdong Zhuguang in relation to the Transactions |
| “Loan Assignment Supplemental Agreement” | the Loan Assignment Supplemental Agreement dated 22 January 2025 entered into between the Company and Guangdong Zhuguang in relation to the extension of the Long Stop Date |

DEFINITIONS

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| “Loan Interest” | all the rights, title, benefits and interests of the Company to, in and under the Loan Agreements (including but not limited to the Loans and all security created thereunder) accruing thereto from 1 January 2024 upon the terms and conditions set out in the Loan Assignment Agreement |
| “Long Stop Date” | 31 December 2025 (or such other date as the Company and Guangdong Zhuguang may agree) |
| “Mr. Chu” | Mr. Chu Hing Tsung (alias Zhu Qing Yi), the Chairman, executive Director and Co-Chief Executive Officer of the Company |
| “Mr. Liao” | Mr. Liao Tengjia, who was interested in approximately 36% of the issued shares of Rong De as at the Latest Practicable Date |
| “PRC” | The People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “PRC Institution A” | Guangzhou Chengtou Investment Company Limited* (廣州市城投資有限公司), a PRC financial institution |
| “PRC Institution B” | Guangzhou Chengtou Jiapeng Industrial Investment Fund Management Company Limited* (廣州城投佳朋產業投資基金管理有限公司), a PRC financial institution |
| “Remaining Group” | the Group immediately upon Completion of the Transactions |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Rong De” | Rong De Investment Limited |
| “SFO” | 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 |
| “Silver Grant International Finance” | Silver Grant International Finance Company Limited* (銀建國際財務有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company |

DEFINITIONS

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| “Silver Grant International Guangzhou” | Silver Grant International Holding (Guangzhou) Co., Limited* (銀建國際控股(廣州)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Taizhou Yinjian” | Taizhou Yinjian Energy Investment Co., Limited* (泰州銀建能源投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Target Properties” | the target properties situated at Guangdong Province, the PRC, details of which are set out in the paragraph headed “Information on the Target Properties” as set out in the letter from the Board in this circular |
| “Transactions” | the transactions contemplated under the Loan Assignment Agreement, including the Disposal, the transfer of Target Properties and the Debt Novation |
| “Valuation Report” | the valuation report issued by Greater China Appraisal Limited in relation to the appraised value of the Target Properties as at 30 November 2024, which is set out in Appendix III to this circular |
| “Yinjian Energy Trading” | Yinjian Energy Trading (Guangzhou) Co., Limited* (銀建能源貿易(廣州)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Zhuguang Holdings” | Zhuguang Holdings Group Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1176), a substantial shareholder of the Company |
| “%” | per cent. |

* English name of such entity is the transliteration of its Chinese name for reference only.

For the purpose of this circular, unless otherwise indicated, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1038. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

The Chinese translation of this circular is for reference only. In case of any inconsistency, the English version shall prevail. Unless otherwise specified, references to dates and times of a day in this circular refer to Hong Kong local dates and times.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. CHU Hing Tsung (*alias Zhu Qing Yi*)
(*Chairman and Co-Chief Executive Officer*)
Mr. ZHANG Wenguang (*Co-Chief Executive Officer*)
Mr. WENG Jian
Ms. KU Ka Lee

Registered Office:

Room 4013B,
40th Floor,
Office Tower,
Convention Plaza,
1 Harbour Road,
Wanchai, Hong Kong.

Non-executive Directors:

Mr. CHEN Zhiwei
Mr. CHEN Yongcun

Independent non-executive Directors:

Mr. LIANG Qing
Mr. ZHANG Lu
Mr. HUNG Muk Ming

12 February 2025

To the Shareholders,

Dear Sir/Madam,

- (I) VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE TRANSACTIONS INVOLVING THE DISPOSAL OF
LOAN INTEREST OF THE GROUP;**
**(II) VERY SUBSTANTIAL ACQUISITION IN RELATION TO
THE TRANSACTIONS INVOLVING THE TRANSFER OF
THE TARGET PROPERTIES;**
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 27 June 2024 and 22 January 2025 in relation to the Transactions. On 27 June 2024 (after trading hours), the Company and Guangdong Zhuguang entered into the Loan Assignment Agreement, pursuant to which the Company has agreed to sell and transfer, and Guangdong Zhuguang has agreed to purchase the Loan Interest for a total consideration of approximately RMB2,200 million (equivalent to approximately HK\$2,428 million). On 22 January 2025, the Company and Guangdong Zhuguang entered into the Loan Assignment Supplemental Agreement to extend the Long Stop Date under the Loan Assignment Agreement to 31 December 2025 or such later date as the Company and Guangdong Zhuguang may agree in writing.

The purpose of this circular is to provide you with, among other things, (i) further information in relation to the Loan Assignment Agreement and the Transactions; (ii) the Valuation Report of the Target Properties; (iii) the notice of the EGM and the proxy forms; and (iv) other information as required under the Listing Rules, for the Shareholders to consider and, if thought fit, pass the resolution(s) to approve the Transactions.

THE LOAN ASSIGNMENT AGREEMENT

The principal terms of the Loan Assignment Agreement, as amended and supplemented by the Loan Assignment Supplemental Agreement, are summarised below.

Date: 27 June 2024

Parties: (a) the Company; and
(b) Guangdong Zhuguang

Subject matter

The Company has agreed to assign, and Guangdong Zhuguang has agreed to purchase from the Company, the Loan Interest.

As at 31 December 2023, the aggregate outstanding principal amount and interest under the Loan Agreements amounted to approximately RMB2,201 million (equivalent to approximately HK\$2,430 million), and outstanding principal amount and interest receivables amounted to approximately RMB1,790 million and RMB411 million, respectively (equivalent to approximately HK\$1,976 million and HK\$454 million, respectively).

Consideration

The Consideration for the Disposal is RMB2,200 million (equivalent to approximately HK\$2,428 million), which shall be satisfied by Guangdong Zhuguang by (i) entering into the Deed of Novation to assume the obligations of Beijing East Gate under the Entrusted Loan Agreements (including but not limited to the repayment obligation of the Entrusted Loans in the outstanding principal amount of approximately

LETTER FROM THE BOARD

RMB1,880 million, the release of all existing charges, guarantee and pledge of shares, and the provision of new charge(s), guarantee and/or pledge of shares pursuant to the requests of the entrusting party and the lender, if required); and (ii) assignment of the Target Properties, at Completion.

The Consideration was arrived at after arm's length negotiations between the Company and Guangdong Zhuguang, having considered (i) the outstanding principal and interests owed by the Borrowers under the Loan Agreements; (ii) the possibility of recovery of the Loan Interest, taking into account, among others, the presence of indicators suggest that the Borrowers are unable to fully and promptly repay the outstanding principal and accrued interest as outlined in the Loan Agreements, as evidenced by the overdue status of the Loan Interest; (iii) the preliminary appraised valuation of the Target Properties to be not less than RMB320 million (equivalent to approximately HK\$353 million) as at the date of the Loan Assignment Agreement; (iv) the time and costs that are expected to be incurred by the Group if the Company takes legal action against the Borrowers to recover the non-performing loans under the Loan Agreements; (v) the reduction of liabilities under the Entrusted Loans with an aggregate principal amount of approximately HK\$2,075 million as at 31 December 2023 and associated interest expenses of the Group under the Entrusted Loan Agreements since 21 December 2023; and (vi) the current global circumstances and uncertainties in the economic outlook.

The Board is of the view that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Loan Assignment Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the passing by the Independent Shareholders at the EGM of all necessary resolution(s) to approve the Loan Assignment Agreement and the Transactions;
- (2) all necessary consents and approvals to be obtained on the part of the Company and the Lenders in respect of the Disposal, the transfer of the Target Properties and the Debt Novation having been obtained, and such consents and approvals remain valid and not being revoked;
- (3) all necessary consents and approvals to be obtained on the part of Guangdong Zhuguang in respect of the Disposal, the transfer of the Target Properties and the Debt Novation having been obtained, and such consents and approvals remain valid and not being revoked;
- (4) all necessary consents and approvals to be obtained on the part of Beijing East Gate in respect of the Debt Novation (including but not limited to the obtaining of the written consent from the principal lender and the entrusting party under the Entrusted Loans), and such consents and approvals remain valid and not being revoked;
- (5) the Company is satisfied with the results of the due diligence in respect of the Target Properties;

LETTER FROM THE BOARD

- (6) the representations and warranties stated in the Loan Assignment Agreement in respect of Guangdong Zhuguang remaining true, accurate and not misleading in all material respects, and there being no events, facts or circumstances that constitute or may constitute a breach of the representations or warranties in the Loan Assignment Agreement;
- (7) the obtaining of a valuation report (in the form and substance satisfactory to the Company) issued by an independent valuer appointed by the Company showing that the valuation of the Target Properties to be not less than RMB320,000,000 within three (3) months prior to the date of the Loan Assignment Agreement;
- (8) the completion of the assignment of the Target Properties as agreed and all contracts/agreements contemplated thereunder having become effective; and
- (9) the completion of the Debt Novation as agreed and all contracts/agreements contemplated thereunder having become effective.

Save for conditions (5) and (6) above, which can be waived by the Company in writing from time to time, none of the conditions above can be waived. If the conditions set out above have not been satisfied (or waived by the Company or Guangdong Zhuguang, as the case may be) on or before the Long Stop Date, or such later date as the Company and Guangdong Zhuguang may agree in writing, the Loan Assignment Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (5), (6) and (7) above have been satisfied.

Completion

Completion shall take place on a date falling within five Business Days after the day on which all conditions precedents under the Loan Assignment Agreement have been satisfied (or waived, as the case may be) (or such other date as the Company and Guangdong Zhuguang may agree in writing). Prior to the Consideration being satisfied in full by Guangdong Zhuguang, the rights and interests relating to the Loan Interest shall be enjoyed by the Company. On the basis that the Consideration is satisfied in full by Guangdong Zhuguang, all rights and interests relating to the Loan Interest from 1 January 2024, being the reference date, shall be enjoyed by Guangdong Zhuguang. Upon Completion, all rights, interests, title and benefits in and to the Loan Interest will be assigned to Guangdong Zhuguang and the Company shall procure Guangdong Zhuguang and each Lender to execute a deed of assignment, pursuant to which each Lender shall assign all its Loan Interest to Guangdong Zhuguang.

Prior to the Consideration being satisfied in full by Guangdong Zhuguang, the interest expenses under the Entrusted Loans shall be borne by the Company. Assuming the Completion Date is 31 December 2025, the interest expenses under the Entrusted Loans from 21 December 2023 up to 31 December 2025 amounted to approximately RMB371 million (equivalent to approximately HK\$410 million). Since 21 December 2023, the interest expenses under the Entrusted Loans were not settled and overdue. The Company has notified the Bank in relation to the transfer of the Entrusted Loan pursuant to the Loan Assignment Agreement and in the course of obtaining consents and approvals of the Debts Novation as set out in conditions precedent of the Loan Assignment Agreement and as such no penalties or additional charges in relation to overdue

LETTER FROM THE BOARD

interest expenses was incurred. On the basis that the Consideration is satisfied in full by Guangdong Zhuguang, all obligations, liabilities and interest expenses relating to the Entrusted Loans from 21 December 2023, being the reference date, shall be borne and settled by Guangdong Zhuguang. Upon Completion, all obligations, liabilities and interest expenses under the Entrusted Loans will be assigned to Guangdong Zhuguang and the Company shall procure Guangdong Zhuguang and Beijing East Gate to execute the Deed of Novation.

INFORMATION ON THE LOAN INTEREST

As at the Latest Practicable Date, the Loan Interest comprises 54 loans advanced from the Lenders to a total of 54 borrowers, 52 borrowers of which are in the PRC and 2 borrowers of which are in Hong Kong, and all 54 loans are unsecured. As at 31 December 2023, except for five Loans with the total outstanding principal amount and interest of approximately HK\$97 million as at 31 December 2023, all other forty-nine Loans with the total outstanding principal amount and interest of approximately HK\$2,332 million as at 31 December 2023 are overdue. The interest rate of the Loans ranges from 15% per annum to 20% per annum.

As at 31 December 2023, the aggregate outstanding principal amount and interest under the loan agreement of the Loan Interest amounted to approximately RMB2,201 million (equivalent to approximately HK\$2,430 million).

The Lenders comprise of the Company and its wholly-owned subsidiaries, including (i) Silver Grant International Finance; (ii) Silver Grant International Guangzhou; (iii) Yinjian Energy Trading; (iv) Beihai Mao Yuan; (v) Beijing East Gate; and (vi) Taizhou Yinjian. Save for the Company and Silver Grant International Finance, a company incorporated in Hong Kong with limited liability, all other Lenders are companies established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Borrowers and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE DEBT NOVATION AND THE ENTRUSTED LOANS

On 6 July 2021, Beijing East Gate as borrower, the Bank as lender, and the PRC Institution A as entrusting party have entered into the Entrusted Loan Agreement A, pursuant to which, among others, the Bank has agreed to provide the Entrusted Loan A with the original principal amount of RMB1,880 million to Beijing East Gate. On even date, the PRC Institution A and Beijing East Gate have entered into guarantee agreements with each of (i) Guangdong Zhuguang, (ii) the Company, and (iii) Mr. Chu, pursuant to which, among others, each of (i) Guangdong Zhuguang, (ii) the Company, and (iii) Mr. Chu has agreed to provide joint liability guarantee of not more than the total amount of the Entrusted Loan A and the corresponding interest, liquidated damages, damages compensation and relevant fees paid by the Bank for realising its rights. The Entrusted Loan A is also secured by (i) the pledge of the Charged Properties owned by Beijing East Gate located in Beijing, the PRC; and (ii) the pledge of the entire issued share capital in Beijing East Gate held by Silver Grant International Investment Management Limited, an indirect wholly-owned subsidiary of the Company. As at 31 December 2023, the outstanding principal amount of the Entrusted Loan A amounted to approximately RMB1,780 million (equivalent to approximately HK\$1,965 million).

LETTER FROM THE BOARD

As at 31 December 2023, the Charged Properties with a carrying amount of approximately HK\$1,069 million owned by Beijing East Gate were pledged under the Entrusted Loan Agreement A. Upon Completion, all conditions precedents under the Loan Assignment Agreement shall be satisfied (or waived, as the case may be). On the basis that the Consideration is satisfied in full by Guangdong Zhuguang, all existing charges, guarantee and pledge of shares, including the pledge of the Charged Properties and the entire issued share capital in Beijing East Gate held by Silver Grant International Investment Management Limited, will be released under the Deed of Novation.

On 6 July 2021, Beijing East Gate as borrower, the Bank as lender, and the PRC Institution B as entrusting party have entered into the Entrusted Loan Agreement B, pursuant to which, among others, the Bank has agreed to provide the Entrusted Loan B with the original principal amount of approximately RMB100 million to Beijing East Gate. On even date, the PRC Institution B and Beijing East Gate have entered into guarantee agreements with each of (i) Guangdong Zhuguang and (ii) Mr. Chu, pursuant to which, among others, each of (i) Guangdong Zhuguang and (ii) Mr. Chu has agreed to provide joint liability guarantee of not more than the total amount of the Entrusted Loan B and the corresponding interest, liquidated damages, damages compensation and relevant fees paid by the Bank for realising its rights. The Entrusted Loan B is also secured by the Charged Properties. As at 31 December 2023, the outstanding principal amount of the Entrusted Loan B amounted to approximately RMB100 million (equivalent to approximately HK\$110 million).

As at 31 December 2023, the aggregate outstanding principal amount of the Entrusted Loans was approximately RMB1,880 million (equivalent to approximately HK\$2,075 million) and the outstanding interest accrued thereon amounted to approximately RMB4 million (equivalent to approximately HK\$4.4 million). As at the Latest Practicable Date, the accrued interest under the Entrusted Loans as at 31 December 2023 has been settled.

INFORMATION ON THE TARGET PROPERTIES

The Target Properties are located in the Guangdong province of the PRC which are all car parking spaces. Pursuant to the Loan Assignment Agreement, the number of car parking spaces to be transferred to the Group upon Completion shall be determined by the appraised valuation of individual car parking spaces while the aggregate value of car parking spaces to be transferred to the Group upon Completion shall be not less than RMB320 million (equivalent to approximately HK\$353 million), and the car parking spaces to be transferred shall be determined and agreed by the Company and Guangdong Zhuguang based on the list of the Target Properties provided by Guangdong Zhuguang.

As at the Latest Practicable Date, the Company and Guangdong Zhuguang have agreed on the list of car parking spaces to be transferred. The number of car parking spaces to be transferred is approximately 800, which are located in Guangdong Province, the PRC, with a total gross floor area of approximately 9,514.6 square meters. As advised by Guangdong Zhuguang, Guangdong Zhuguang is in the process of obtaining the certificates of property ownerships of the Target Properties pursuant to the agreements entered into between Guangdong Zhuguang and Guangzhou Huangsha Railway Real Property Development Company Limited* (廣州黃沙鐵路房地產開發有限公司), the co-operative joint venture partner of Guangdong Zhuguang to develop the Target Properties. The appraised value of the Target Properties as

LETTER FROM THE BOARD

at 30 November 2024 amounted to approximately RMB320,000,000. The Valuation Report prepared by Greater China Appraisal Limited in relation to the appraised value of the Target Properties as at 30 November 2024 is set out in Appendix III to this circular.

As at the Latest Practicable Date, the Target Properties were vacant and the operations of the Target Properties had not commenced, mainly due to the outbreak of COVID-19 and the economic downturn which delayed the original arrangement of Guangdong Zhuguang to arrange leasing and/or sales of the Target Properties through property agents, resulting in nil revenue for the year ended 31 December 2023. The net book value of the list of Target Properties was approximately RMB351 million (equivalent to approximately HK\$387 million) as at 31 December 2023.

The Company intended to lease out the Target Properties for rental income after obtaining all certificates of property ownerships of the Target Properties upon Completion. The Company intended to co-operate with the property management team of the Target Properties to lease out the Target Properties. The Company shall also review the market conditions from time to time to consider disposing part of the Target Properties through property agents to seek potential buyers. The Company will comply with all the relevant requirements under Chapter 14 and/or Chapter 14A of the Listing Rules, where applicable, upon the disposal of the Target Properties.

INFORMATION ON THE PARTIES

The Group and the Company

The Group is principally engaged in property leasing and investments. The Company is an investment holding company.

Guangdong Zhuguang

Guangdong Zhuguang is a company established in the PRC with limited liability and is principally engaged in project investments, trading, import and export of goods, marketing development and consultation, interior designs and decorations and business information consultation.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, Mr. Liao was interested in approximately 36% of the issued shares of Rong De. Rong De in turn held approximately 54.81% of the issued shares of Zhuguang Holdings. Zhuguang Holdings in turn held the entire issued shares of Splendid Reach Limited, which was interested in approximately 29.50% of the issued share capital of the Company. As such, Mr. Liao was deemed to be interested in approximately 29.50% of the issued share capital of the Company. Mr. Liao is also the director of Zhuguang Holdings.

As disclosed in the annual report of Zhuguang Holdings for the year ended 31 December 2023, Guangdong Zhuguang was considered a related party of Zhuguang Holdings as Mr. Liao was considered to have significant influence in Guangdong Zhuguang. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mr. Liao was considered to have significant influence in Guangdong Zhuguang on the basis that he has been a consultant to Guangdong Zhuguang. As such,

LETTER FROM THE BOARD

Guangdong Zhuguang was regarded as a related party of Zhuguang Holdings under the applicable accounting standards adopted by Zhuguang Holdings in the preparation of its consolidated financial statements.

Save as disclosed above, the Directors confirmed that there are no other relationship and no underlying arrangements between the Group and Guangdong Zhuguang.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Company considered that Guangdong Zhuguang and its ultimate beneficial owners are Independent Third Parties on the basis that (i) Mr. Liao is not a director of the Company; (ii) Mr. Liao is not interested in any shares of Guangdong Zhuguang; (iii) Mr. Liao is not a director of Guangdong Zhuguang; (iv) Mr. Liao does not participate in the Transactions; and (v) Guangdong Zhuguang was regarded as a related party of Zhuguang Holdings under the applicable accounting standards adopted by Zhuguang Holdings in the preparation of its consolidated financial statements.

FINANCIAL EFFECTS OF THE TRANSACTIONS

In respect of the Disposal

Impact on financial performance

The Loan Interest has contributed interest income of approximately HK\$262 million and HK\$164 million for the years ended 31 December 2022 and 2023, respectively. Among the interest income of approximately HK\$164 million for the year ended 31 December 2023, all remained outstanding as at the Latest Practicable Date.

The Group had recognised expected credit losses on the Loan Interest of approximately HK\$528 million as at 31 December 2023.

Upon Completion, it is expected that the Group shall no longer recognise the interest income from the Loan Interest as well as the expected credit losses on the Loan Interest.

Impact on financial position

The Loan Interest was accounted for as a financial asset of the Group with carrying amount of approximately HK\$1,902 million as at 31 December 2023. The carrying amount of Loan Interest included the principal amount and interest receivables, net of expected credit loss, which amounted to HK\$1,976 million, HK\$454 million and HK\$528 million, respectively as at 31 December 2023. Upon Completion, it is expected that the current assets of the Group will be decreased by the same amount.

LETTER FROM THE BOARD

Gain on the Disposal

Upon Completion, it is expected that the Group shall recognise a gain of approximately HK\$509 million based on the difference between (i) approximately HK\$2,411 million being the total of the aggregate carrying amount of the Entrusted Loans of approximately HK\$2,058 million as at 31 December 2023 and the fair value of the Target Properties of approximately HK\$353 million; and (ii) the carrying amount of the Loan Interest of approximately HK\$1,902 million as at 31 December 2023.

In respect of the transfer of Target Properties and the Debt Novation

Impact on financial performance

The Group incurred interest expenses of approximately HK\$166 million per year under the Entrusted Loans. Upon Completion, the Group shall no longer incur interest expenses under the Entrusted Loans.

Impact on financial position

Upon Completion, the Target Properties will become part of the investment properties of the Group. The appraised valuation of the Target Properties was approximately RMB320 million (equivalent to approximately HK\$353 million) as at 30 November 2024. It is expected that the non-current assets of the Group will be increased by the same amount.

The Entrusted Loans were accounted for as a financial liability of the Group with an aggregate carrying amount of approximately HK\$2,058 million (net off with amortised arrangement fees of the Entrusted Loans amounting to approximately HK\$17 million) as at 31 December 2023. Upon Completion, the repayment obligation of the Entrusted Loans shall be transferred to Guangdong Zhuguang. It is expected that the total liabilities of the Group will be decreased by the same amount.

Hence, each of the total assets and total liabilities will be reduced by approximately HK\$1,549 million and HK\$2,058 million, respectively, and the net assets of the Group will be increased by approximately HK\$509 million.

The aforesaid estimation, including the gain from the Disposal, is for illustrative purpose only and does not purport to represent the financial position of the Group after Completion. Shareholders should note that the actual financial effect to be recorded by the Company is subject to review and further audit procedures by the auditors of the Company and may be different from the estimation stated herein.

Further information regarding the unaudited pro forma financial information of the Remaining Group is set out in Appendix II to this circular.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE LOAN ASSIGNMENT AGREEMENT AND THE TRANSACTIONS

The Group is principally engaged in property leasing and investments. As stated in the annual report of the Company for the year ended 31 December 2023, the Group has been striving to improve its financial position by continuing to implement measures to speed up the timing of collection of outstanding loan receivables and interest receivables, as well as expedite the disposal of financial asset investments, including equity investments and non-performing assets portfolio.

As stated above, as at 31 December 2023, the aggregate outstanding principal amount and interest under the Loan Agreements amounted to approximately RMB2,201 million (equivalent to approximately HK\$2,430 million), all of which are unsecured. As at 31 December 2023, except for five Loans with the total outstanding principal amount and interest of approximately HK\$97 million as at 31 December 2023, all other forty-nine Loans with the total outstanding principal amount and interest of approximately HK\$2,333 million as at 31 December 2023 are overdue.

Thus, the Transactions, if materialised, would provide a good opportunity to the Group to substantially recover a large portion of the outstanding amount owed under the Loan Agreements within a foreseeable timeframe and in a relatively short period of time, thereby minimising the uncertainty and the credit risks associated with the Loan Interest and the administrative costs to be incurred by the Group for collecting the outstanding Loan Interest, and the Debt Novation provides a good opportunity for the Group to settle the Entrusted Loans as the rights and liabilities of the Group under the Entrusted Loan Agreements will be discharged. The Target Properties are located in Liwan District, Guangzhou City, Guangdong Province. According to the publication by the official website of Liwan District of People's Government of Guangzhou Municipality, the regional gross domestic product ("GDP") for 2023 was approximately RMB127.8 billion, representing an increase of approximately 4.8%, which is higher than the GDP growth rate of Guangzhou. Although the operations of the Target Properties have not commenced, the Company is of the view that the Target Properties could be leased out to generate income for the Company as the Target Properties located in the region where the economic performance is recovering and improving. The transfer of the Target Properties to the Company allows the Group to enlarge and diversify its investment properties portfolio with high quality assets, as well as to strengthen the income base of the Group and to generate stable cash flows to the Group from leasing the Target Properties upon Completion.

Having regard to the reasons for and benefits of the Disposal, the Board is of the view that the terms of the Loan Assignment Agreement, which have been reached after arm's length negotiations between the parties, and the Transactions are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under Rule 14.07 of the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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As the highest applicable percentage ratio in respect of the transfer of the Target Properties under Rule 14.07 of the Listing Rules exceeds 100%, the transfer of the Target Properties constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. The EGM will be held at Room 1, 26/F, Guangzhou Jiayu Center, 769 Huacheng Avenue, Tianhe District, Guangzhou, Guangdong Province, the PRC on Friday, 28 February 2025 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, approving, the Loan Assignment Agreement and the Transactions.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had a material interest in the Loan Assignment Agreement and the transactions contemplated thereunder and was required to abstain from voting on the proposed resolutions at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM or any adjournment thereof, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Wednesday, 26 February 2025) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBER

To ascertain the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 25 February 2025 to Friday, 28 February 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 24 February 2025.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Loan Assignment Agreement are on normal commercial terms and are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Loan Assignment Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully

On behalf of the Board

Silver Grant International Holdings Group Limited

Chu Hing Tsung

Chairman, Co-Chief Executive Officer and Executive Director

FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 are disclosed in the relevant annual reports and interim report of the Company published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <https://www.silvergrant.com.cn/en/index.aspx>. The links to the annual reports and interim report of the Company published on the website of the Stock Exchange are set out below.

The financial information of the Group for the six months ended 30 June 2024 is disclosed on pages 34 to 68 of the Company's interim report published on 24 September 2024, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0924/2024092400654.pdf>

The financial information of the Group for the financial year ended 31 December 2023 is disclosed on pages 122 to 266 of the Company's annual report published on 30 April 2024, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043002596.pdf>

The financial information of the Group for the financial year ended 31 December 2022 is disclosed on pages 116 to 265 of the Company's annual report published on 27 April 2023, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042705274.pdf>

The financial information of the Group for the financial year ended 31 December 2021 is disclosed on pages 105 to 257 of the Company's annual report published on 28 April 2022, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802780.pdf>

STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Bank and Other Borrowings

As at 31
December 2024
HK\$'000

Current

| | |
|--|-----------|
| Bank loans – secured and guaranteed | 127,862 |
| Bank loans – unsecured and guaranteed | 15,119 |
| Other loans – secured and guaranteed | 2,215,090 |
| Other loans – secured and unguaranteed | 1,036,717 |
| Other loans – unsecured and guaranteed | 16,739 |

| | |
|--------------|------------------|
| Total | 3,411,527 |
|--------------|------------------|

Non-current

| | |
|--|--------|
| Other loans – secured and guaranteed | 1,798 |
| Other loans – secured and unguaranteed | 32,397 |

| | |
|--------------|---------------|
| Total | 34,195 |
|--------------|---------------|

Lease liabilities

As at 31
December 2024
HK\$'000

| | |
|-------------|--------|
| Current | 3,229 |
| Non-current | 19,888 |

| | |
|--------------|---------------|
| Total | 23,117 |
|--------------|---------------|

Contingent Liabilities

The Group provided corporate guarantees of approximately HK\$1,539,588,000 in respect of loans granted to a joint venture of the Company.

Save as above and intra-group liabilities and normal trade payables in the ordinary course of business, as at 31 December 2024, the Group did not have any other outstanding mortgages, charges, debt securities or other loan capital, bank overdrafts or loans, other similar indebtedness, hire purchase commitments, liabilities under acceptance or acceptance credit, guarantees or other material contingent liabilities.

WORKING CAPITAL

As at 30 June 2024, the Group had cash and bank balances of approximately HK\$62 million and the Group's interest-bearing bank and other borrowings with an aggregate carrying amount of approximately HK\$3,468 million are due to be repaid within 12 months from 30 June 2024, including (i) borrowing of approximately HK\$194 million ("**Overdue Other Borrowing**") which has not been repaid according to the scheduled repayment date before 30 June 2024; and (ii) borrowings of approximately HK\$2,825 million with original maturity dates of over one year from 30 June 2024 which have been reclassified to current liabilities due to the delay in the payment of interest of certain borrowings. In June 2024, a court order in the PRC has been issued to freeze certain bank balances and other assets of the Group due to the non-payment of the Overdue Other Borrowing. As at the Latest Practicable Date, except for the Overdue Other Borrowing, the Group has not received any demand for immediate repayment of its bank and other borrowings. As at the Latest Practicable Date, the Group has been actively liaising with the lender for settlement of the court order in relation to the Overdue Other Borrowing and negotiating with the relevant lenders for extension of the repayment date of certain of the other aforesaid borrowings. The Directors are of the view that the frozen assets do not have material impact on the Group's financial position and operation.

The above conditions indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

In preparing the working capital forecast for the Group for the 12 months from the date of this circular, the Group was unable to obtain written agreements with relevant lenders in respect of certain loans with an aggregate principal amount of approximately HK\$3,061 million that they will not exercise their rights to demand immediate repayment of the relevant loans prior to their scheduled contractual repayment dates as triggered by the delay in the payment of interest of certain borrowings. As such, based on the existing confirmed facilities, the Group was unable to confirm that the Group would have sufficient working capital for its present requirements for at least 12 months from the date of this circular as required under paragraph 30 of Appendix D1B to the Listing Rules.

The following plans and measures are formulated by the Group to manage the working capital and improve the financial position of the Group:

- (i) the Group will continue its discussion with the lender for the settlement of the court order in relation to the Overdue Other Borrowing;
- (ii) the Group will continue to implement plans and measures for the disposal of the financial asset investments, outstanding loan receivables and loan interest receivables, and other assets;
- (iii) the Group will continue its negotiations with the lenders of certain bank and other borrowings or other financial institutions on the settlement, extension of the repayment date or refinancing of the borrowings; and
- (iv) the Group will obtain additional credit facilities from existing and other lenders as and when needed.

The Directors, after due and careful enquiry, taking into account the above-mentioned plans and measures and assuming that the existing lenders of the Group will not demand immediate repayment of the other existing loans of the Group, and that significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above, which are subject to multiple uncertainties, including:

- (i) the successful and timely settlement of the court order in relation to the Overdue Other Borrowing;
- (ii) the successful and timely implementation of the plans and measures for the disposal of the financial asset investments, outstanding loan receivables and loan interest receivables, and other assets;
- (iii) the continual support from the other existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings and other material assets of the Group will not be frozen or foreclosed; and
- (iv) the successful obtaining of new sources of financing as and when needed.

are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within 12 months from the date of this circular.

In the event that the Group is unable to successfully accomplish the plans, measures assumptions and uncertainties as mentioned above, the Group may not have sufficient working capital for the next 12 months from the date of this circular, and under such circumstances, the Board will continue to seek other financing alternatives to finance its working capital.

The Company has obtained a letter on the working capital statement from its financial adviser as required under Rule 14.66(12) of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon Completion, (i) all rights and interests relating to the Loan Interest from 1 January 2024, being the reference date, shall be enjoyed by Guangdong Zhuguang; (ii) all obligations, liabilities and interest expenses relating to the Entrusted Loans from 21 December 2023, being the reference date, shall be borne by Guangdong Zhuguang; and (iii) the property ownerships of the Target Properties shall be transferred to the Group. The Remaining Group will continue to carry out its existing principal businesses following the Completion of the Transactions.

On this basis, the management discussion and analysis of the Remaining Group for each of the three financial years ended 31 December 2021 (“FY2021”), 31 December 2022 (“FY2022”) and 31 December 2023 (“FY2023”) and the six months ended 30 June 2024 (“1H2024”) is set out below. The financial data in respect of the Remaining Group for the purpose of this circular is derived from the consolidated financial statements of the Company for each of FY2021, FY2022, FY2023 and 1H2024.

For FY2021***Business Review***

During the year under review, as the international supply and consumption of crude oil recovered in tandem with the economic recovery, the price of Brent crude oil remained in a reasonable range of US\$60 to US\$80 per barrel. The recovery of oil prices had driven up the value of the inventory of oil refinery and petrochemical companies and thus their performance. Nevertheless, as a result of a tax self-review conducted as required by the relevant Chinese tax authority in relation to the basis of calculation of sales tax, 中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited*) (“**Zhong Hai You Qi**”), a joint venture of the Company principally engaged in the business of production and trading of petroleum and petrochemical products, incurred additional sales tax and related tax surcharge and late fees for prior years, leading to a significant increase in the loss incurred by Zhong Hai You Qi for FY2021, which had a material adverse impact on the Group’s financial performance for FY2021.

Financial Review

Rental income of the Group for FY2021 amounted to approximately HK\$87.4 million, as compared to approximately HK\$89.1 million for the year ended 31 December 2020 (“FY2020”), representing a decrease of approximately 2.0%, which was mainly attributable to the decrease in the average rental rate per square metre of the rental properties of the Group during FY2021.

The loss attributable to the owners of the Company increased by approximately 347.7% from approximately HK\$317.6 million for FY2020 to approximately HK\$1,421.9 million for FY2021.

Significant Investment

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets at fair value through profit or loss. As at 31 December 2021, a trust managed by National Trust Co., Ltd.* (國民信託有限公司) (“**NT Trust Scheme**”) was the most significant financial asset investment of the Group, the carrying value of which represented approximately 4.0% of the total assets of the Group.

The Group has invested RMB505.0 million (equivalent to approximately HK\$617.4 million) in aggregate into NT Trust Scheme, which holds a portfolio of limited liability partnerships investing in property development investments in Zhuozhou and Shenyang in the PRC. As at 31 December 2021, the carrying value of the NT Trust Scheme as measured at fair value through profit or loss, amounted to approximately HK\$460.2 million (2020: HK\$556.0 million) and accounted for approximately 4.0% (31 December 2020: 4.9%) of the total assets of the Group. Out of the loss of approximately HK\$102.7 million (2020: HK\$667,000) recorded by the Group of the change in fair value of financial assets at fair value through profit or loss for FY2021, loss of approximately HK\$110.6 million (2020: HK\$19.1 million) was attributable to the fair value change of the NT Trust Scheme as at 31 December 2021. The Group did not receive any distribution from the NT Trust Scheme during FY2021 (FY2020: Nil). Based on the current investment strategy of the Group, its interest in the NT Trust Scheme is held for trading purpose and classified as a current asset in its consolidated statement of financial position.

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation in the values of its investments and to receive income therefrom. The Board believes that the performance of the financial asset investments of the Group is dependent on the financial and operating performance of the investee companies and market sentiment, which are affected by factors such as interest rate movements, national policies and performances of other economies globally. Among its previously invested projects, the Group is currently seeking exit opportunities after assessing the financial and operational performance of these investments against the Group’s expectation, which will allow the Group to recover its capital and invest in projects with higher returns in the next few years. The Group will continue to adopt a prudent investment approach and closely monitor the performance of the investments in its portfolio. To prepare for any potential economic downturn and market volatilities that may arise from further outbreaks of the pandemic, the Group will adjust the mix in its investment portfolio by increasing its short-term investments to improve the liquidity of the Group. In addition, the Group will seek to explore other investment opportunities of high growth potential for portfolio diversification, such as urban redevelopment projects in the Greater Bay Area in China and green investments.

Treasury Policy

The Group adopts a conservative treasury policy under which the Group keeps its investment costs under control and manages the returns of its investments efficiently. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Group also strives to reduce its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Board closely reviews the Group’s liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

Cash Position

| | As at 31 December 2021 <i>HK\$'000</i> |
|------------------------|--|
| Pledged bank deposits | 24,450 |
| Cash and bank balances | <u>116,755</u> |
| Total | <u><u>141,205</u></u> |

The decrease in the cash and bank balances of the Group (excluding pledged bank deposits) to approximately HK\$116.8 million as at 31 December 2021 from that of approximately HK\$769.8 million as at 31 December 2020 was mainly due to (i) the capital injection and the advances made by the Group to a newly formed joint venture of the Company in 2021; and (ii) the increase in the deposits paid by the Group for the acquisition of non-performing assets during FY2021. The cash and bank balances (including pledged bank deposits) of the Group as at 31 December 2021 were mainly denominated in HK\$, RMB and US\$.

The Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK\$ and US\$. The conversion of RMB into HK\$, US\$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK\$, US\$ and other foreign currencies may fluctuate and is affected by factors, such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise

Working Capital and Borrowings

As at 31 December 2021, the Group's total borrowings amounted to approximately HK\$3,123.8 million. The composition of these borrowings is summarised below:

| | As at 31 December 2021 HK\$'000 |
|--|--|
| Short term borrowings | 541,037 |
| Long term borrowings | 1,281,317 |
| Convertible bonds | <u>1,301,494</u> |
| Total borrowings | 3,123,848 |
| Cash and bank balances (including pledged bank deposits) | <u>141,205</u> |
| Net borrowings | <u><u>2,982,643</u></u> |

Interests for all borrowings of the Group for FY2021 were charged at fixed and floating rates ranging from 5.35% per annum to 12% per annum (FY2020: 5.35% per annum to 12% per annum).

As at 31 December 2021, the long and short term borrowings of the Group which remained outstanding were denominated as follows:

| | HK\$'000 |
|------|-------------------------|
| HK\$ | 176,700 |
| RMB | 1,640,009 |
| US\$ | <u>5,645</u> |
| | <u><u>1,822,354</u></u> |

As at 31 December 2021, the long and short term borrowings of the Group which remained outstanding carried at fixed interest rates as follows:

| | <i>HK\$'000</i> |
|----------------------|------------------|
| Fixed interest rates | 1,822,354 |
| | <u>1,822,354</u> |

As at 31 December 2021, the maturity profile of the long and short term borrowings of the Group was as follows:

| | <i>HK\$'000</i> |
|--|------------------|
| Bank loans repayable: | |
| Within one year or on demand | 14,670 |
| In the second year | 18,337 |
| In the third to fifth years, inclusive | <u>144,866</u> |
| | 177,873 |
| Other loans repayable: | |
| Within one year | 465,242 |
| In the second year | 150,511 |
| In the third to fifth years, inclusive | <u>1,028,728</u> |
| | <u>1,644,481</u> |
| | <u>1,822,354</u> |

In addition, the Group had unutilised loan facilities of approximately RMB380.0 million in aggregate as at 31 December 2021 (31 December 2020: Nil). There is generally no material seasonality of the borrowing requirements of the Group.

Gearing Ratio

As at 31 December 2021, the gearing ratio (calculated as interest-bearing bank and other borrowings and convertible bonds issued by the Company over equity attributable to owners of the Company) of the Group were 59% (31 December 2020: 48%).

Pledge of Assets

As at 31 December 2021, the Group pledged certain investment properties and leasehold land and buildings with aggregate carrying values of approximately HK\$1,351.2 million (31 December 2020: HK\$2,542.9 million) and HK\$198.5 million (31 December 2020: HK\$198.9 million), respectively, to secure general banking facilities granted to the Group and other payable due to an Independent Third Party. At 31 December 2021, bank deposits of approximately HK\$24.5 million (31 December 2020: HK\$23.8 million) were pledged to banks to secure banking facilities granted to a joint venture of the Company.

Capital Commitments

The Group's total capital commitments of approximately HK\$183.4 million as at 31 December 2021 were made entirely for the purchase of unlisted equity securities. Save as disclosed above, the management of the Group does not expect other plans for material investments or capital assets in FY2022.

Contingent Liabilities

As at 31 December 2021, the Group provided corporate guarantees of approximately HK\$3,842.0 million (2020: HK\$3,630.6 million) in respect of loans granted to a joint venture of the Company.

Human Resources

The Group had in aggregate 84 employees in Hong Kong and the PRC as at 31 December 2021 (31 December 2020: 104). The Group's overall staff costs amounted to approximately HK\$76.6 million for FY2021 (FY2020: HK\$66.8 million). The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Directors' remuneration is determined based on their qualifications, experience, duties and responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group encourages sustainable training of its employees through coaching and further studies. In-house training was provided to eligible employees during FY2021, including training on updates of accounting standards and market updates.

Material Acquisitions and Disposals

The Group did not have any material acquisition or disposal during FY2021.

For FY2022***Business Review***

Driven by the strategic goals to achieve “emission peak and carbon neutrality”, China has embarked on a long journey of restructuring its energy industry, which has also brought unprecedented development opportunities along with investments in terms of technology and capital injection to the green industry in the country. During FY2022, the Group and an independent third party formed a joint venture company, Beijing Lingjun New Energy Technology Company Limited* (北京靈駿新能源科技有限責任公司) (“**Beijing Lingjun**”), engaged in the research and development (“**R&D**”), transfer and promotion of photovoltaic battery technology in China. Having confidence in the prospects of the new energy industry, the Group is committed to support the further development of Beijing Lingjun, including the sourcing of funds required for the expansion of its R&D and manufacturing capabilities and capacity.

Financial Review

The rental income from the Group’s property leasing business amounted to approximately HK\$96.9 million for FY2022, representing an increase of approximately 10.9% as compared to approximately HK\$87.4 million for FY2021. Such increase was mainly derived from the leasing of East Gate Plaza, an investment property of the Group located in Beijing, China, which is comprised of a residential section and a commercial section. The average occupancy rate of East Gate Plaza increased from approximately 80% for FY2021 to approximately 82% for FY2022.

The loss attributable to owners of the Company amounted to approximately HK\$668.3 million for FY2022, as compared with that of approximately HK\$1,421.9 million for FY2021, representing a decrease of approximately 53.0%.

Significant Investment

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets at fair value through profit or loss. As at 31 December 2022, the NT Trust Scheme was the most significant financial asset investment of the Group, the carrying value of which represented approximately 3.9% of the total assets of the Group.

The Group has invested RMB505.0 million (equivalent to approximately HK\$565.5 million) in aggregate into the NT Trust Scheme. As at 31 December 2022, the carrying value of the NT Trust Scheme as measured at fair value through profit or loss, amounted to approximately HK\$387.5 million (31 December 2021: HK\$460.2 million) and accounted for approximately 3.9% (31 December 2021: 4.0%) of the total assets of the Group. Out of the loss of approximately HK\$166.1 million (FY2021: HK\$102.7 million) recorded by the Group in the change in fair value of financial assets at fair value through profit or loss for FY2022, a loss of approximately HK\$35.3 million (FY2021: HK\$110.6 million) was attributable to the fair value change of the NT Trust Scheme as at 31 December 2022. The Group did not receive any distribution from the NT Trust Scheme during FY2022 (FY2021: Nil). Based on the current investment strategy of the Group, its interest in the NT Trust Scheme is held for trading purpose and classified as a current asset in its consolidated statement of financial position.

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation of the value of its investments and to receive income therefrom. The Board believes that the performance of the financial asset investments of the Group is dependent on the financial and operating performance of the investee companies and market sentiment, which are affected by factors such as interest rate movements, national policies and performance of the major economies. The Group will continue to adopt prudent investment principles, closely monitor the performance of its investment portfolio, and readjust its investment strategies as and when appropriate. In response to the potential market volatility and economic downturns, the Group has accelerated the realisation of its mature investments while reducing the proportion of its medium and long-term investments to improve its liquidity position.

Treasury Policy

The Group adopts a conservative treasury policy under which the Group keeps its investment costs under control and manages the returns of its investment efficiently. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Group also strives to reduce its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Board closely reviews the Group's liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

Cash Position

| | As at 31 December 2022 HK\$'000 |
|-------------------------|--|
| Restricted bank balance | 674,814 |
| Cash and bank balances | <u>97,517</u> |
| Total | <u><u>772,331</u></u> |

The decrease in the cash and bank balances of the Group (excluding pledged bank deposits and restricted bank balance) to approximately HK\$97.5 million as at 31 December 2022 from that of approximately HK\$116.8 million as at 31 December 2021 was mainly due to the capital injection and the advances made by the Group to a newly formed joint venture of the Company, Beijing Lingjun, in 2022. The cash and bank balances (including pledged bank deposits and restricted bank balance) of the Group as at 31 December 2022 were mainly denominated in RMB.

The Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK\$ and US\$. The conversion of RMB into HK\$, US\$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK\$, US\$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

Working Capital and Borrowings

As at 31 December 2022, the Group's total borrowings amounted to approximately HK\$1,840.1 million in aggregate.

| | As at 31 December 2022 <i>HK\$'000</i> |
|--|--|
| Short term borrowings | 1,332,982 |
| Long term borrowings | 465,398 |
| Convertible bonds | <u>41,712</u> |
| Total borrowings | 1,840,092 |
| Cash and bank balances (including pledged bank deposits) | <u>97,517</u> |
| Net borrowings | <u><u>1,742,575</u></u> |

Interests for all borrowings of the Group for FY2022 were charged at fixed and floating rates ranging from 3.7% per annum to 12% per annum (FY2021: 5.35% per annum to 12% per annum).

As at 31 December 2022, the long and short term borrowings of the Group which remained outstanding were denominated as follows:

| | <i>HK\$'000</i> |
|------|-------------------------|
| HK\$ | 180,000 |
| RMB | <u>1,618,380</u> |
| | <u><u>1,798,380</u></u> |

As at 31 December 2022, the long and short term borrowings of the Group which remained outstanding carried at fixed and floating interest rates as follows:

| | <i>HK\$'000</i> |
|-------------------------|-------------------------|
| Fixed interest rates | 1,689,583 |
| Floating interest rates | <u>108,797</u> |
| | <u><u>1,798,380</u></u> |

As at 31 December 2022, the maturity profile of the long and short term borrowings of the Group was as follows:

| | <i>HK\$'000</i> |
|--|-----------------|
| Bank loans repayable: | |
| Within one year or on demand | 50,392 |
| In the second year | 152,856 |
| In the third to fifth years, inclusive | 35,386 |
| | <hr/> |
| | 238,634 |
| Other loans repayable: | |
| Within one year | 1,282,591 |
| In the second year | 277,155 |
| In the third to fifth years, inclusive | — |
| | <hr/> |
| | 1,559,746 |
| | <hr/> |
| | 1,798,380 |
| | <hr/> <hr/> |

As at 31 December 2022, the Company had redeemed part of the convertible bonds in the aggregate principal amount of approximately HK\$1,108.3 million, out of the convertible bonds due in December 2022, which were of the aggregate principal amount of HK\$1,150.0 million with interest payable at 12% per annum (31 December 2021: 7% per annum) and the remaining principal amount of the convertible bonds has been fully redeemed by the Company.

Gearing Ratio

As at 31 December 2022, the gearing ratio (calculated as interest-bearing bank and other borrowings, and convertible bonds issued by the Company over equity attributable to owners of the Company) of the Group was 45% (31 December 2021: 59%).

Pledge of Assets

As at 31 December 2022, the Group pledged certain investment properties and leasehold land and buildings with aggregate carrying values of approximately HK\$1,173.6 million (31 December 2021: HK\$2,650.5 million) and HK\$176.3 million (31 December 2021: HK\$198.5 million) respectively to secure general banking facilities granted to the Group and other payable due to an Independent Third Party. At 31 December 2022, no bank deposits (31 December 2021: HK\$24.5 million) were pledged by the Group to banks to secure banking facilities granted to a joint venture of the Company. As at 31 December 2022, the Group pledged certain receivables (mainly the loans granted by the Group to its joint venture and independent third parties) of approximately HK\$3,285.7 million (31 December 2021: Nil) and the equity interests in the subsidiaries and associates of the Company holding receivables of the Group (31 December 2021: Nil) to secure the convertible bonds issued by the Company.

Capital Commitments

As at 31 December 2022, the Group had capital expenditures contracted for but not provided for in respect of the purchase of unlisted equity securities of approximately HK\$168.0 million (31 December 2021: HK\$183.4 million). Other than as disclosed, the management of the Group does not expect there to be any plans for material investments or capital assets in FY2023.

Contingent Liabilities

As at 31 December 2022, the Group provided corporate guarantees of approximately HK\$3,576.6 million (31 December 2021: HK\$3,842.0 million) in respect of loans granted to a joint venture of the Company.

Human Resources

As at 31 December 2022, the Group had in aggregate 66 employees in Hong Kong and the PRC (31 December 2021: 84). The Group's overall staff costs amounted to approximately HK\$66.9 million for FY2022 (FY2021: HK\$76.6 million). The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Directors' remuneration is determined based on their qualifications, experience, duties and responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group encourages sustainable training of its employees through coaching and further studies. In-house training was provided to eligible employees during FY2022, including training on updates of accounting standards and market updates.

Material Acquisitions and Disposals

On 8 September 2022, Beijing Longda Tianhong Technology Company Limited* (北京隆達天弘科技有限公司) ("**Party A**"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement ("**JV Agreement**") with an independent third party ("**Party B**"), and Beijing Lingjun, a wholly-owned subsidiary of the Company, pursuant to which Party A shall transfer 50% equity interest in Beijing Lingjun to Party B at nil consideration ("**Transfer**"). After the registration of the Transfer with the relevant authorities in the PRC ("**Transfer Completion**") which took place on 29 November 2022, Beijing Lingjun was owned as to 50% by Party A and 50% by Party B and Beijing Lingjun was accounted for as a joint venture of the Company in the consolidated financial statements of the Group.

As at the date of the JV Agreement, the registered capital of Beijing Lingjun has not yet been paid up. Pursuant to the JV Agreement, each of Party A and Party B shall pay up the registered capital of Beijing Lingjun of RMB50 million (equivalent to approximately HK\$56.8 million) attributable to 50% of the equity interest of Beijing Lingjun by 30 April 2030. In addition, after Transfer Completion, if Beijing Lingjun requires funds for project investment and its daily operation management, each of Party A and Party B shall advance to Beijing Lingjun a shareholder's loan within 15 days from the request of Beijing Lingjun, in proportion to the respective shareholdings of Party A and Party B in Beijing Lingjun simultaneously, provided that at all times the aggregate amount of the paid up registered capital and the shareholder's loan

advanced by each of Party A and Party B to Beijing Lingjun shall not be more than RMB180 million (equivalent to approximately HK\$204.5 million), which was determined by reference to the expected amount of funds required for the development and operation of Beijing Lingjun. Beijing Lingjun was intended to be principally engaged in investment projects relating to new energy (or other projects approved by the board of directors of Beijing Lingjun) after Transfer Completion.

Further details of the JV Agreement are set out in the announcement of the Company dated 8 September 2022.

Save for the above, the Group did not have any material acquisition or disposal during FY2022.

For FY2023

Business Review

The Company's joint venture, Zhong Hai You Qi, which is principally engaged in the crude oil processing business as well as the production and sale of petrochemical products, has still successfully achieved its production and operation goals for FY2023, despite the challenging and complex issues in connection with its products, such as the volatile international crude oil prices, the sharp decrease in the spread between the wholesale price and the retail price of domestic refined oil products, and the ongoing decline in the prices of chemical products. During the year under review, Zhong Hai You Qi strictly implemented various modules of its production safety and health, safety and environmental management systems. By adopting a diversified sales model that combines both the wholesale and retail markets, Zhong Hai You Qi has created a complementary management system that integrates sales and logistics to achieve a stable increase in the number of its customers and steady improvement in its delivery speed, which has laid a solid foundation for stabilising its market share. Zhong Hai You Qi has also made good strides in advancing its high-end lubricating oil business, including (1) the seamless progress of scientific research on adjuvants for animal vaccines, for which it has been exploring with business partners for industrial production and application; (2) the ongoing enhancement of product competitiveness and the reinforcement of partnerships with prominent multinational enterprises and state-owned enterprises; and (3) the breakthroughs in export for transformer oil products which are supplied to Southeast Asia and the Middle East. Nevertheless, Zhong Hai You Qi carried out a major overhaul at its factory during FY2023, which resulted in a suspension in its operation for two months and thus a decline in its overall performance for FY2023 as compared with that for FY2022.

Financial Review

Rental income from the Group's property leasing for FY2023 amounted to approximately HK\$97.0 million (FY2022: HK\$96.9 million), which had remained stable between the two years. Revenue from this business segment was derived from the leasing of East Gate Plaza.

The loss attributable to owners of the Company decreased by approximately HK\$28.5 million from approximately HK\$668.3 million for FY2022 to approximately HK\$639.8 million for FY2023.

Significant Investment

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets at fair value through profit or loss. As at 31 December 2023, the NT Trust Scheme was the most significant financial asset investment of the Group, the carrying value of which represented approximately 3.0% (31 December 2022: 3.9%) of the total assets of the Group.

The Group has invested RMB505.0 million (equivalent to approximately HK\$557.4 million) in aggregate into the NT Trust Scheme. As at 31 December 2023, the carrying value of the NT Trust Scheme as measured at fair value through profit or loss, amounted to approximately HK\$230.8 million (31 December 2022: HK\$387.5 million) and accounted for approximately 3.0% (31 December 2022: 3.9%) of the total assets of the Group. Out of the loss of approximately HK\$147.3 million (FY2022: HK\$166.1 million) recorded by the Group in the change in fair value of financial assets at fair value through profit or loss FY2023, a loss of approximately HK\$151.9 million (FY2022: HK\$35.3 million) was attributable to the fair value change of the NT Trust Scheme as at 31 December 2023. The Group did not receive any distribution from the NT Trust Scheme during FY2023 (FY2022: Nil). Based on the current investment strategy of the Group, its interest in the NT Trust Scheme is held for trading and classified as a current asset in its consolidated statement of financial position.

In 2023, the Group successfully disposed of certain non-performing asset investment projects and recovered parts of the funds.

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation of the value of its investments and to receive income therefrom. The Board believes that the performance of the financial asset investments of the Group is dependent on the financial and operating performance of the investee companies and market sentiment, which are affected by factors, such as interest rate movements, national policies, and the performance of the major economies. The Group will continue to adopt prudent investment principles, closely monitor the performance of its investment portfolio, and readjust its investment strategies as and when appropriate. In response to the potential market volatility and economic downturns, the Group has accelerated the realisation of its mature investments while reducing the proportion of its medium and long-term investments to improve its liquidity position.

Treasury Policy

The Group adopts a conservative treasury policy under which the Group keeps its investment costs under control and manages the return of its investments efficiently. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Group also strives to reduce its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Board closely reviews the Group's liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

Cash Position

| | As at 31 December 2023 HK\$'000 |
|------------------------|---------------------------------------|
| Cash and bank balances | 57,333 |
| Total | 57,333 |

As at 31 December 2023, the Group had cash and bank balances of approximately HK\$57.3 million (31 December 2022: 97.5 million) and the Group's interest-bearing bank and other borrowings with an aggregate carrying amount of approximately HK\$3,485 million are due to be repaid within 12 months from the year ended 31 December 2023.

As at 31 December 2023, the Group's cash and bank balances were denominated in the following currencies:

| | |
|------|--------|
| HK\$ | 5.0% |
| RMB | 94.7% |
| US\$ | 0.3% |
| | 100.0% |

The Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK\$ and US\$. The conversion of RMB into HK\$, US\$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK\$, US\$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

Working Capital and Borrowings

As at 31 December 2023, the Group's total borrowings amounted to approximately HK\$1,494.4 million in aggregate. The composition of these borrowings is summarised below:

| | As at 31 December 2023 <i>HK\$'000</i> |
|--|--|
| Short term borrowings | 1,427,516 |
| Long term borrowings | <u>66,887</u> |
| Total borrowings | 1,494,403 |
| Cash and bank balances (including pledged bank deposits) | <u>57,333</u> |
| Net borrowings | <u><u>1,437,070</u></u> |

Interests for all borrowings of the Group for FY2023 were charged at fixed and floating rates ranging from 3.7% per annum to 27.6% per annum (FY2022: 3.7% per annum to 12.0% per annum).

As at 31 December 2023, the long and short term borrowings of the Group which remained outstanding were denominated in the following currencies:

| | <i>HK\$'000</i> |
|-----|-------------------------|
| RMB | <u><u>1,494,403</u></u> |

As at 31 December 2023, the long and short term borrowings of the Group which remained outstanding carried at fixed and floating interest rates as follows:

| | <i>HK\$'000</i> |
|-------------------------|-------------------------|
| Fixed interest rates | 1,456,876 |
| Floating interest rates | <u>37,527</u> |
| | <u><u>1,494,403</u></u> |

As at 31 December 2023, the maturity profile of the long and short term borrowings of the Group was as follows:

| | <i>HK\$'000</i> |
|--|-----------------------|
| Bank loans repayable: | |
| Within one year or on demand | 161,700 |
| In the second year | 33,775 |
| | <hr/> 195,475 |
| Other loans repayable: | |
| Within one year or on demand | 1,265,816 |
| In the second year | – |
| In the third to fifth years, inclusive | 33,112 |
| | <hr/> 1,298,928 |
| | <hr/> <hr/> 1,494,403 |

The 12% per annum convertible bonds in the aggregate principal amount of HK\$1,150.0 million due in December 2022 issued by the Company had been fully redeemed after the Company redeemed the remaining balance of such bonds in the aggregate principal amount of approximately HK\$41.7 million during the first half of FY2023.

Gearing Ratio

As at 31 December 2023, the gearing ratio (calculated as interest-bearing bank and other borrowings, over equity attributable to owners of the Company) of the Group was 44% (31 December 2022: 45%).

Pledge of Assets

As at 31 December 2023, certain investment properties of the Group with aggregate carrying value of approximately HK\$1,009.6 million (31 December 2022: investment properties, and leasehold land and buildings with aggregate carrying values of approximately HK\$2,251.7 million and HK\$176.3 million, respectively) were pledged to secure general banking facilities granted to the Group and other payable due to an Independent Third Party. As at 31 December 2022, certain receivables (mainly the loans granted by the Group to its joint venture and independent third parties) of approximately HK\$3,285.7 million (31 December 2022: HK\$3,285.7 million) and the equity interests in the subsidiaries and associates of the Company holding receivables of the Group were pledged to secure the convertible bonds issued by the Company which had been subsequently redeemed in full in the first half of 2023.

Capital commitments

As at 31 December 2023, the Group did not have any capital expenditures contracted for but not provided for in respect of the purchase of unlisted equity securities (31 December 2022: HK\$168.0 million). The management of the Group does not expect there to be any plans for material investments or capital assets in the financial year ended 31 December 2024.

Contingent Liabilities

As at 31 December 2023, the Group provided corporate guarantees of approximately HK\$2,839.0 million (31 December 2022: HK\$3,576.6 million) in respect of loans granted to a joint venture of the Company.

Human Resources

As at 31 December 2023, the Group had in aggregate 55 employees in Hong Kong and the PRC (31 December 2022: 66). The Group's overall staff costs amounted to approximately HK\$62.8 million for FY2023 (FY2022: HK\$66.9 million). The employees of the Group are remunerated accordingly to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Directors' remuneration is determined based on their qualifications, experience, duties and responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group encourages sustainable training of its employees through coaching and further studies. In-house training was provided to eligible employees during FY2023, including training on updates of accounting standards and market updates.

Material Acquisitions and Disposals

On 11 October 2023, (i) the Company, Silver Grant Hainan Investments (BVI) Limited ("**SG Hainan**"), a wholly-owned subsidiary of the Company, and Silver Grant Group Limited ("**First Purchaser**"), an independent third party, entered into a sale and purchase agreement, pursuant to which (a) the Company and SG Hainan have conditionally agreed to sell, and the First Purchaser has conditionally agreed to acquire, 100% of the issued shares of Real China Development Limited ("**Target Company**"), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company which held offices 1, 2 and 9 on 49th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Hong Kong ("**Office Property**"), and (b) the Company has conditionally agreed to sell, and the First Purchaser has conditionally agreed to acquire, all amounts, including the principal and interest owing by the Target Company to the Company, at the consideration of HK\$200 million, subject to adjustments ("**First Disposal**"); and (ii) the Company and Mr. Gao Jimmy Z. ("**Second Purchaser**"), an independent third party, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and the Second Purchaser has conditionally agreed to acquire, the duplex apartment 9B on 9/F & 10/F, No. 6A Bowen Road, Hong Kong and the car parking space No. 106 on 2nd Level Basement, No. 6A Bowen Road, Hong Kong ("**Investment Property**"), at the consideration of HK\$70 million ("**Second Disposal**").

Both the First Disposal and the Second Disposal were completed in December 2023. Further details of the First Disposal and the Second Disposal are set out in the announcement and the circular of the Company dated 11 October 2023 and 22 November 2023 respectively.

Save for the above, the Group did not have any material acquisition or disposal during FY2023.

For 1H2024

Business Review

As the mainstream technology and application of solar power generation, photovoltaic power generation has developed rapidly in terms of technology iteration and production capacity expansion in China over the past few years. Currently, the photovoltaic market has an overcapacity problem in the industry, and has become fiercely competitive in the industry chain and experienced a significant decline in profitability. Against this backdrop, only enterprises with ample capital, prominent technological advantages and outstanding management capabilities can survive the industry reshuffle. During 1H2024, overall sales in the photovoltaic industry in China were below expectation due to the decline in the market conditions. However, the photovoltaic cell module project company invested by the Company's joint venture, 北京靈駿新能源科技有限責任公司 (Beijing Lingjun New Energy Technology Company Limited*) ("**Beijing Lingjun**"), has achieved a certain level of improvement in various aspects, including technology research and development, production management, sales management and brand marketing, thus consolidating its core competitiveness. During the period under review, the ground-breaking copper grid heterojunction photovoltaic cell that the project company independently developed did not only achieve its pre-set targets in terms of production capacity, yield rate and cell efficiency, its technological results were also showcased in the 17th International Photovoltaic Power Generation and Smart Energy (Shanghai) Conference & Exhibition held in Shanghai, thereby raising the profiles of the project company and its products.

In June 2024, the first distributed photovoltaic power generation project invested by the Group was completed and put into operation, with its power generation efficiency being better than expected. As of the end of July 2024, the Group had over 35 distributed photovoltaic power generation reserve projects, covering a total roof area of over 500,000 square metres. The projected installed capacity was over 70 megawatts, covering the rooftops of schools, hospitals, wharves, factories, office buildings, logistics parks, shopping malls, etc., laying the foundation for multi-industry planning.

For the conventional energy segment, the product mix optimisation undertaken by the Company's joint venture, 中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited*) ("**Zhong Hai You Qi**"), had enabled it to achieve a new breakthrough during 1H2024, with the production and sales of special lubricant products and other high value-added products reaching their highest levels since the commencement of the operations of Zhong Hai You Qi. However, due to the volatility of the prices of international crude oil (one of the raw materials used in the manufacturing process of Zhong Hai You Qi) caused by geopolitical conflicts had led to an increase in the average purchase cost of crude oil, the continued weakening of the exchange rate of the RMB against the United States dollar had increased the exchange rate risk of crude oil settlement, and the selling price adjustments of the products of Zhong Hai You Qi had failed to catch up with the increase in crude oil prices, Zhong Hai You Qi recorded losses during 1H2024 but it will strive to turn its losses into profits by the end of the year.

FINANCIAL REVIEW

Rental income of the Group for 1H2024 amounted to approximately HK\$46,961,000 (six months ended 30 June 2023 (“1H2023”): HK\$51,611,000), which represents a decrease of approximately 9%, mainly due to the sluggish demand in the area of the Group’s rental property in 1H2024, which led to a decrease in the unit rental rate per square metre.

The loss attributable to the owners of the Company increased by approximately 103% from approximately HK\$118,534,000 for 1H2023 to approximately HK\$241,056,000 for 1H2024.

Significant Investment

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets at FVTPL. As at 30 June 2024, the NT Trust Scheme (as defined below) was the most significant financial asset investment of the Group, the carrying value of which represented approximately 2.8% (31 December 2023: 3.0%) of the total assets of the Group.

The Group has invested RMB505,000,000 (equivalent to approximately HK\$553,122,000) in aggregate into a trust (“**NT Trust Scheme**”) managed by 國民信託有限公司 (National Trust Co., Ltd.*), which holds a portfolio of limited liability partnerships investing in property development investments in Zhuozhou and Shenyang in the PRC. As at 30 June 2024, the carrying value of the NT Trust Scheme as measured at FVTPL, amounted to approximately HK\$211,714,000 (31 December 2023: HK\$230,801,000) and accounted for approximately 2.8% (31 December 2022: 3.0%) of the total assets of the Group. Out of the loss of approximately HK\$21,431,000 (1H2023: HK\$48,037,000) recorded by the Group in the change in fair value of financial assets at FVTPL for 1H2024, a loss of approximately HK\$17,393,000 (1H2023: HK\$23,846,000) was attributable to the fair value change of the NT Trust Scheme as at 30 June 2024. The Group did not receive any distribution from the NT Trust Scheme during 1H2024 (1H2023: Nil). Based on the current investment strategy of the Group, its interest in the NT Trust Scheme is held for trading and classified as a current asset in its condensed consolidated statement of financial position.

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation of the value of its investments and to receive income therefrom. The Board believes that the performance of the financial asset investments of the Group is dependent on the financial and operating performance of the investee companies and market sentiment, which are affected by factors such as interest rate movements, national policies, and the performance of the major economies. The Group will continue to adopt prudent investment principles, closely monitor the performance of its investment portfolio, and readjust its investment strategies as and when appropriate. In response to the potential market volatility and economic downturns, the Group has accelerated the realisation of its mature investments while reducing the proportion of its medium and long-term investments to improve its liquidity position.

TREASURY POLICY

The Group has adopted a conservative treasury policy under which the Group keeps its investment costs under control and manages the returns on its investments efficiently. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Group also strives to reduce its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Board closely reviews the Group's liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

Cash Position

As at
30 June 2024
HK\$'000

| | |
|------------------------|--------|
| Cash and bank balances | 61,792 |
|------------------------|--------|

The increase in the cash and bank balances of the Group from approximately HK\$57,333,000 as at 31 December 2023 to approximately HK\$61,792,000 as at 30 June 2024 was mainly due to the receipt of repayment proceeds in relation to the loan receivables by the Group during 1H2024. The cash and bank balances of the Group as at 30 June 2024 were mainly denominated in RMB.

As at 30 June 2024, the Group's cash and bank balances were denominated in the following currencies:

As at
30 June 2024

| | |
|------|--------|
| HK\$ | 9.5% |
| RMB | 90.5% |
| US\$ | 0.0% |
| | 100.0% |

The Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK\$ and US\$. The conversion of RMB into HK\$, US\$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK\$, US\$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

Working Capital and Borrowings

As at 30 June 2024, the Group's total borrowings amounted to approximately HK\$1,461,698,000 in aggregate. The composition of these borrowings is summarised below:

| | As at 30 June 2024 HK\$'000 |
|------------------------------|--|
| Short term borrowings | 1,421,172 |
| Long term borrowings | <u>40,526</u> |
| Total borrowings | 1,461,698 |
| Less: cash and bank balances | <u>61,792</u> |
| Net borrowings | <u><u>1,399,906</u></u> |

Interests for all borrowings of the Group for 1H2024 were charged at fixed and floating rates ranging from 3.7% per annum to 27.6% per annum (1H2023: 3.6% per annum to 27.6% per annum).

As at 30 June 2024, the long and short term borrowings of the Group which remained outstanding were denominated as follows:

| | As at 30 June 2024 HK\$'000 |
|-----|--|
| RMB | <u><u>1,461,698</u></u> |

As at 30 June 2024, the long and short term borrowings of the Group which remained outstanding carried fixed and floating interest rates as follows:

| | As at 30 June 2024 HK\$'000 |
|-------------------------|--|
| Fixed interest rates | 1,438,149 |
| Floating interest rates | <u>23,549</u> |
| | <u><u>1,461,698</u></u> |

As at 30 June 2024, the maturity profile of the long and short term borrowings of the Group was as follows:

| | As at 30 June 2024 HK\$'000 |
|--|--|
| Bank loans repayable: | |
| Within one year or on demand | 153,888 |
| In the second year | 7,667 |
| In the third to fifth years, inclusive | <u>—</u> |
| | <u>161,555</u> |
| Other loans repayable: | |
| Within one year or on demand | 1,267,284 |
| In the second year | — |
| In the third to fifth years, inclusive | <u>32,859</u> |
| | <u>1,300,143</u> |
| | <u><u>1,461,698</u></u> |

Gearing Ratio

As at 30 June 2024, the gearing ratio (calculated as total borrowings over equity attributable to owners of the Company) of the Group was 51% (31 December 2023: 44%).

PLEDGE OF ASSETS

As at 30 June 2024, the Group pledged certain investment properties with an aggregate carrying value of approximately HK\$997,919,000 (31 December 2023: HK\$1,009,602,000), to secure general banking facilities granted to the Group, other loans and other payables to an independent third party.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital expenditures contracted for but not provided for in its unaudited condensed consolidated financial statements in respect of the purchase of property, plant and equipment of approximately HK\$2,408,000 (31 December 2023: nil). It is expected that the capital expenditures will be settled by cash through internal resources of the Group.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group provided corporate guarantees of approximately HK\$2,351,848,000 (31 December 2023: HK\$2,839,041,000) in respect of the loans granted to a joint venture of the Company.

HUMAN RESOURCES

As at 30 June 2024, the Group employed 53 employees (31 December 2023: 55 employees) in Hong Kong and in the PRC. Total employee benefit expenses for 1H2024 were approximately HK\$23,173,000, as compared to those of approximately HK\$29,627,000 for 1H2023.

During 1H2024, 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 of some or all of the following four main components: (i) basic salary; (ii) incentive bonus; (iii) share options (no share option scheme of the Company is in force as at the date of this interim results announcement); and (iv) other benefits, such as statutory retirement scheme and medical 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. The Group's remuneration policies remained unchanged during 1H2024. The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. As the Group views career development as an important aspect of its employees, ongoing training has been provided to its employees according to the needs of the Group during 1H2024.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Looking forward to 2024, global economic growth is expected to slow down further. It is noted from China's Central Economic Work Conference held in December 2023 that stable growth will remain the keynote of the economic work of China in 2024. The main tasks of the Chinese government will include expanding domestic demand, effectively resolving the risks of the real estate corporations, and promoting financial stability. It is expected that investors will still focus on identifying new growth drivers through innovation and value chain upgrade, while capital in the market will continue to pour into areas such as the digital economy, artificial intelligence development and green technology. In order to maintain the stable growth of its existing businesses, the Group will delve deeply into new energy and scale down its investments in nonperforming assets and loans gradually. By strengthening the construction of talent teams, developing relationships with different business partners and considering diversified financing channels, the Group will increase its investments in the "photovoltaics, storage and charging" sectors in the new energy industry, so as to lay a solid foundation for its sustainable development.

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The accompanying unaudited pro forma consolidated statement of profit or loss and net assets statement of the Remaining Group (the “**Unaudited Pro Forma Financial Information**”) have been prepared to illustrate the effect of the disposal of the Loan Interest by the Company to Guangdong Zhuguang pursuant to the Loan Assignment Agreement (the “**Disposal**”) might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 December 2023 are prepared based on the audited consolidated statement of profit or loss of the Group for the year ended 31 December 2023 as extracted from the annual report of the Group for the year ended 31 December 2023 as if the Disposal had been completed on 1 January 2023.

The unaudited pro forma consolidated net assets statement of the Remaining Group as at 30 June 2024 is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as extracted from the interim report of the Group for the six months ended 30 June 2024 as if the Disposal had been completed on 30 June 2024.

The Unaudited Pro Forma Financial Information of the Remaining Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information of the Remaining Group, it may not give a true picture of the actual financial position and results of operation of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information of the Remaining Group does not purport to predict the Remaining Group’s future financial position and results of operation.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I and other financial information included elsewhere in this circular.

The Company’s auditor did not express an opinion on the Group’s consolidated financial statements for the year ended 31 December 2023 due to multiple uncertainties relating to going concern. Even had there been no multiple uncertainties relating to going concern which precluded the Company’s auditor from expressing an opinion on the consolidated financial statements, the opinion of the Company’s auditor would have been qualified due to scope limitations in respect of the loan receivables and related loan interest receivables of the Group with a carrying amount of approximately HK\$1,552 million and approximately HK\$349 million, respectively, as at 31 December 2023. Further details are set out in the auditor’s report included in the Company’s annual report for the year ended 31 December 2023.

APPENDIX II**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF
THE REMAINING GROUP**

| | The Group for the year ended 31 December 2023 HKD'000 (Note 1) | Pro forma adjustments HKD'000 (Note 2) HKD'000 (Note 3) | | Unaudited pro forma of the Remaining Group HKD'000 |
|--|---|---|-----------|---|
| Rental income | 96,958 | | | 96,958 |
| Direct operating expenses | <u>(6,465)</u> | | | <u>(6,465)</u> |
| | 90,493 | | | 90,493 |
| Dividend income from listed securities | 2 | | | 2 |
| Other income, gains and losses | 258,946 | 601,090 | (164,405) | 695,631 |
| Change in fair value of financial assets at fair value through profit or loss | (147,287) | | | (147,287) |
| Impairment of financial assets, net | (489,129) | | 389,834 | (99,295) |
| Administrative expenses | (165,030) | | | (165,030) |
| Change in fair value of investment properties | (63,646) | | | (63,646) |
| Finance costs | (342,422) | | 165,545 | (176,877) |
| Share of losses of associates | (31,141) | | | (31,141) |
| Share of losses of joint ventures | <u>(83,071)</u> | | | <u>(83,071)</u> |
| (Loss)/profit before taxation | (972,285) | 601,090 | 390,974 | 19,779 |
| Taxation | <u>16,009</u> | | | <u>16,009</u> |
| (Loss)/profit for the year | <u><u>(956,276)</u></u> | 601,090 | 390,974 | <u><u>35,788</u></u> |
| (Loss)/profit attributable to: | | | | |
| – Owners of the Company | (947,409) | 601,090 | 390,974 | 44,655 |
| – Non-controlling interests | <u>(8,867)</u> | | | <u>(8,867)</u> |
| | <u><u>(956,276)</u></u> | 601,090 | 390,974 | <u><u>35,788</u></u> |

Notes to the unaudited pro forma consolidated statement of profit or loss:

1. The figures are extracted from the audited consolidated statement of profit or loss of the Group for the year ended 31 December 2023 as set out in the annual report of the Group for the year ended 31 December 2023.
2. The adjustment reflects the pro forma gain on the Disposal assuming the Disposal had been completed on 1 January 2023. The pro forma gain on the Disposal, which is based on the difference between (i) the total of the aggregate carrying amount of the Entrusted Loans and the fair value of the Target Properties; (ii) carrying amount of the Loan Interest; and (iii) estimated transaction costs directly attributable to the Disposal, is calculated as follows:

| | HK\$'000 | HK\$'000 |
|---|------------------|-----------------------|
| Carrying amount of the Entrusted Loans as at 1 January 2023 | | 2,132,360 |
| Fair value of the Target Properties (equivalent to approximately RMB320,000,000) | | <u>353,000</u> |
| | | 2,485,360 |
| Less: Gross amount of the Loan Interest as at 1 January 2023 | 2,020,276 | |
| Impairment as at 1 January 2023 | <u>(140,006)</u> | |
| Carrying amount of the Loan Interest as at 1 January 2023 | | (1,880,270) |
| Less: Estimated transaction costs directly attributable to the Disposal | | <u>(4,000)</u> |
| Pro forma gain on the Disposal | | <u><u>601,090</u></u> |

3. The adjustment represents the exclusion of the interest income from the Loan Interest, interest expenses of the Entrusted Loans and expected credit losses on the Loan Interest of approximately HK\$164,405,000, HK\$165,545,000 and HK\$389,834,000 respectively, which are extracted from the financial information of the Group for the year ended 31 December 2023, assuming the Transactions had been completed on 1 January 2023.
4. For pro forma purpose, it is assumed that the fair value of the Target Properties remains unchanged upon the Transactions had been completed.
5. All the adjustments have no continuing effect except for note 4 above.

6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.
7. Given that the unadjusted financial information of the Group used in the compilation of the unaudited pro forma consolidated statement of profit or loss has been extracted from the Group's consolidated financial statements for the year ended 31 December 2023 on which the Company's auditor did not express an opinion and there were scope limitations on the loan receivables and loan interest receivables impacting their carrying amounts as at 31 December 2023 and the related impairment loss and interest income recognised for the year ended 31 December 2023, adjustments might have been necessary in respect of the unadjusted financial information of the Group and the pro forma adjustments. Any adjustments found to be necessary would have a consequential impact on the unaudited financial information of the Group, the pro forma adjustments and the unaudited pro forma consolidated statement of profit or loss as presented.

APPENDIX II

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

**C. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE
REMAINING GROUP**

| | The Group as at 30 June 2024 HKD'000 (Note 1) | Pro forma adjustments HKD'000 (Note 2) | Unaudited pro forma of the Remaining Group HKD'000 |
|---|--|---|---|
| NON-CURRENT ASSETS | | | |
| Investment properties | 2,098,511 | 350,493 | 2,449,004 |
| Property, plant and equipment | 52,211 | | 52,211 |
| Right-of-use assets | 39,558 | | 39,558 |
| Interests in associates | 271,732 | | 271,732 |
| Interests in joint ventures | 1,299,036 | | 1,299,036 |
| Amount due from an associate | 413,428 | | 413,428 |
| Amounts due from joint ventures | 208,951 | | 208,951 |
| Financial assets at fair value through profit or loss | <u>1,640</u> | | <u>1,640</u> |
| Total non-current assets | <u>4,385,067</u> | 350,493 | <u>4,735,560</u> |
| CURRENT ASSETS | | | |
| Trade receivables | 12,126 | | 12,126 |
| Deposits, prepayments and other receivables | 842,178 | (381,695) | 460,483 |
| Amounts due from joint ventures | 1,651 | | 1,651 |
| Loan receivables | 1,811,675 | (1,543,086) | 268,589 |
| Financial assets at fair value through profit or loss | 374,937 | | 374,937 |
| Cash and bank balances | <u>61,792</u> | | <u>61,792</u> |
| Total current assets | <u>3,104,359</u> | (1,924,781) | <u>1,179,578</u> |

APPENDIX II**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

| | The Group as at 30 June 2024 HKD'000 (Note 1) | Pro forma adjustments HKD'000 (Note 2) | Unaudited pro forma of the Remaining Group HKD'000 |
|---|--|---|---|
| CURRENT LIABILITIES | | | |
| Accrued charges, rental deposits and other payables | 550,999 | (81,783) | 469,216 |
| Interest-bearing bank and other borrowings | 3,468,351 | (2,047,179) | 1,421,172 |
| Taxation payable | 107,105 | | 107,105 |
| Lease liabilities | <u>3,765</u> | | <u>3,765</u> |
| Total current liabilities | <u>4,130,220</u> | (2,128,962) | <u>2,001,258</u> |
| NET CURRENT LIABILITIES | <u>(1,025,861)</u> | 204,181 | <u>(821,680)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>3,359,206</u> | 554,674 | <u>3,913,880</u> |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | 40,526 | | 40,526 |
| Lease liabilities | 39,410 | | 39,410 |
| Deferred tax liabilities | <u>154,698</u> | | <u>154,698</u> |
| Total non-current liabilities | <u>234,634</u> | | <u>234,634</u> |
| NET ASSETS | <u><u>3,124,572</u></u> | 554,674 | <u><u>3,679,246</u></u> |

Notes to the unaudited pro forma consolidated net assets statement:

1. The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the interim report of the Group for the six months ended 30 June 2024.
2. The adjustment reflects the pro forma gain on the Disposal assuming the Disposal had been completed on 30 June 2024. The pro forma gain on the Disposal, which is based on the difference between (i) the total of the aggregate carrying amount of the Entrusted Loans, interest payable under the Entrusted Loans from 21 December 2023 up to 30 June 2024 and the fair value of the Target Properties; (ii) carrying amount of the Loan Interest; and (iii) estimated transaction costs directly attributable to the Disposal, is calculated as follows:

| | HK\$'000 | HK\$'000 |
|---|------------------|-----------------------|
| Carrying amount of the Entrusted Loans as at 30 June 2024 | | 2,047,179 |
| Interest payable under the Entrusted Loans from 21 December 2023 up to 30 June 2024 | | 85,783 |
| Fair value of the Target Properties (equivalent to approximately RMB320,000,000) | | <u>350,493</u> |
| | | 2,483,455 |
| Less: Gross amount of the Loan Interest as at 30 June 2024 | 2,450,778 | |
| Impairment as at 30 June 2024 | <u>(525,997)</u> | |
| Carrying amount of the Loan Interest as at 30 June 2024 | | (1,924,781) |
| Less: Estimated transaction costs directly attributable to the Disposal | | <u>(4,000)</u> |
| Pro forma gain on the Disposal | | <u><u>554,674</u></u> |

3. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

4. Given that the unadjusted financial information of the Group used in the compilation of the unaudited pro forma consolidated net assets statement has been extracted from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024 on which the Company's auditor did not express a review opinion and there were scope limitations in the auditor's report for the year ended 31 December 2023 on the loan receivables and loan interest receivables impacting their carrying amounts as at 31 December 2023, adjustments might have been necessary in respect of the unadjusted financial information of the Group and the pro forma adjustments. Any adjustments found to be necessary would have a consequential impact on the unadjusted financial information of the Group, the pro forma adjustments and the unaudited pro forma consolidated net assets statement as presented.

D. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



12 February 2025

The Board of Directors
Silver Grant International Holdings Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Silver Grant International Holdings Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated net assets statement as at 30 June 2024, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2023 and related notes as set out on pages II-2 to II-8 of the circular issued by the Company dated 12 February 2025. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page II-1.

The pro forma financial information has been compiled by the directors to illustrate the effect of the disposal of the Loan Interest by the Company to Guangdong Zhuguang pursuant to the Loan Assignment Agreement (the “**Disposal**”) on the Group’s financial position as at 30 June 2024 and on the Group’s financial performance for the year ended 31 December 2023 as if the Disposal had been taken place at 30 June 2024 and 1 January 2023 respectively. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2024, on which no review report has been published; and information about the financial performance has been extracted by the directors from the Group’s audited consolidated financial statements for the year ended 31 December 2023, on which an auditor’s report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in circular issued by the Company is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2024 and 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Greater China Appraisal Limited, an independent valuer, in connection with their valuation as at 30 November 2024 of the real property interest to be acquired by the Group.

GREATER CHINA APPRAISAL LIMITED

漢華評值有限公司

Room 304, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

12 February 2025

The Board of Directors
Silver Grant International Holdings Group Limited
Room 4013B, 40th Floor, Office Tower,
Convention Plaza,
1 Harbour Road,
Wanchai,
Hong Kong

Dear Sirs,

Re: Valuation of various car parking spaces on Levels B1 and B2, Royal No.1 located at Lot Nos. 1, 2, 3 and 4 of Huang Sha Avenue, Liwan District, Guangzhou City, Guangdong Province, the People's Republic of China (the "PRC")

In accordance with your instructions to value the captioned real property interest to be acquired by Silver Grant International Holdings Group Limited (referred to as the "**Company**") and its subsidiaries (together referred to as the "**Group**") in the PRC, details of which are set out in the enclosed valuation certificate (such real property interest is hereinafter referred to as the "**Real Property**"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Real Property as at 30 November 2024 (referred to as the "**valuation date**").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of the Real Property and the limiting conditions.

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

I. BASIS OF VALUATION

The valuation is our opinion of the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

II. VALUATION METHODOLOGY

We have valued the real property interest by using the direct comparison approach assuming sale of the real property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions or offerings as available in the relevant market.

III. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the real property interest on the open market in its existing state without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the real property interest.

As the Real Property is held under long-term land use rights, we have assumed that the owner of the Real Property has free and uninterrupted rights to use, transfer or lease the Real Property for the whole of the unexpired term of the respective land use rights. In our valuation, we have assumed that the Real Property can be freely disposed of, transferred and leased to third parties on the open market without any additional payment to the relevant government authorities.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report.

No environment impact study has been ordered or made. Full compliance with applicable local, provincial and national environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licences, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

Other specific assumptions in relation to the Real Property, if any, have been stated out in the footnotes of the valuation certificate.

IV. TITLESHP INVESTIGATION

We have been provided with copies of legal documents regarding the Real Property. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liability attached to the Real Property.

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

In the course of our valuation, we have relied upon the legal opinion given by the Company's PRC legal adviser – City Development Law Firm in relation to the legal title to the Real Property. All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the Real Property set out in this report.

V. LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the Real Property. However, no structural survey has been made and we are therefore unable to report as to whether the Real Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the areas in respect of the Real Property but have assumed that the areas shown on the relevant documents provided to us are correct. Based on our experience of valuation of similar real properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us by it on such matters as planning approvals, statutory notices, easements, tenure, occupation, number of car parking spaces and floor areas and in the identification of the Real Property. We have had no reason to doubt the truth and accuracy of the information provided by the Group. We were also advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the Real Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the real property interest is free of encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Since the Real Property is located in a relatively under-developed market, the PRC, those assumptions are often based on imperfect market evidence. A range of values may be attributable to the real property interest depending upon the assumptions made. While we have exercised our professional judgment in arriving at the value, report readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

VI. OPINION OF VALUE

Our opinion of the market value of the Real Property is set out in the attached the valuation certificate.

VII. REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

In valuing the real property interest, we have complied with the requirements contained in the HKIS Valuation Standards (2024 Edition) published by The Hong Kong Institute of Surveyors and the RICS Valuation – Global Standards (effective from 31 January 2022) published by The Royal Institution of Chartered Surveyors.

Site inspection of the Real Property was conducted in December 2024 by Mr. Derrick Chau (MHKIS). The completed real property was maintained in a reasonable condition commensurate with their ages and uses and equipped with normal building services.

Unless otherwise stated, all monetary amounts stated herein are dominated in the currency of Renminbi (“**RMB**”).

We enclose herewith the valuation certificate.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of

GREATER CHINA APPRAISAL LIMITED

Mr. Man Lam
MRICS, MHKIS, RPS (G.P.)
Director

Mr. Andy Lee
MRICS, MHKIS
Assistant Director

Notes: Mr. Man Lam is a Chartered Surveyor who has more than 10 years of real property valuation experience in Hong Kong, the PRC and the Asia-Pacific region.

Mr. Andy Lee is a Chartered Surveyor who has more than 10 years of real property valuation experience in Hong Kong, the PRC and the Asia-Pacific region.

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

VALUATION CERTIFICATE

Real property interest to be acquired and held for investment by the Group in the PRC

| Real Property | Descriptions and Tenure | Particulars of Occupancy | Market Value in existing state as at 30 November 2024 |
|---|--|--|--|
| Various car parking spaces on Levels B1 and B2, Royal No.1 located at Lot Nos. 1, 2, 3 and 4 of Huang Sha Avenue, Liwan District, Guangzhou City, Guangdong Province, the PRC | <p>The Real Property is located on the middle section of Huangsha Avenue within Liwan District. The area is predominately a residential area in Liwan District.</p> <p>The Real Property comprises 800 car parking spaces on Levels B1 and B2 of a development, known as Royal No.1. The subject development was completed in around 2018.</p> <p>According to the information provided, the Real Property has a total gross floor area of approximately 9,514.6 square metres.</p> <p>The land use rights of the Real Property are held under various sets of Real Estate Title Certificate for a term of 50 years commencing on 7 April 2011 for car parking space uses and car parking space (Civil Air Defence Works) uses. (see Notes (i) and (ii))</p> | According to the information provided by the Company, the Real Property is vacant. | RMB320,000,000 (Renminbi Three Hundred and Twenty Million Only) |

Notes:

- (i) According to 400 sets of Real Estate Title Certificate, issued by 廣州市國土資源和規劃委員會 (translated as “Guangzhou City State-owned Land Resources and Planning Committee”), the land use rights of 400 car parking spaces on Level B1 of the Real Property with a total gross floor area of approximately 4,776.2 square metres have been granted to 廣州黃沙鐵路房地產開發有限公司 (“Guangzhou Huangsha Railway Real Property Development Company Limited”) (the “Huangsha Railway”) for a term of 50 years commencing on 7 April 2011 for car parking space uses and the building ownership rights of such portions of the Real Property have been vested in Huangsha Railway. According to the information provided, Guangdong Zhuguang and Huangsha Railway was a co-operative joint venture partner.

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

- (ii) According to 400 sets of Real Estate Title Certificate issued by Guangzhou City State-owned Land Resources and Planning Committee, the land use rights of 400 car parking spaces on Level B2 of the Real Property with a total gross floor area of approximately 4,738.4 square metres have been granted to Huangsha Railway for a term of 50 years commencing on 7 April 2011 for car parking space (Civil Air Defence Works) uses and the building ownership rights of such portions of the Real Property have been vested in Huangsha Railway.
- (iii) We have been provided with a legal opinion regarding the real property interest issued by the Company's PRC legal adviser which are summarised below:
1. Huangsha Railway is the legal owner of the Real Property and has the rights to legally occupy, use, gift, transfer, lease or mortgage the Real Property;
 2. The Real Property is not subject to any mortgage and seizure;
 3. The car parking spaces of the Real Property are subject to the valid and consistent land use rights term; and
 4. Car parking spaces (Civil Air Defence Works) are subject to the unified allocation and use by the government during wartime or emergency situation.
- (iv) Given that there are sufficient comparables available in the market, we consider direct comparison approach would be the desirable approach to value the market value of the Real Property. In the course of our valuation of the Real Property, we have made reference to various offerings of similar real properties within the locality having similar characteristics. The selection criteria for the comparables are as follows:
- 1) Situated within Liwan District;
 - 2) Situated within residential development; and
 - 3) Private car parking space.

Based on the above selection criteria, the six selected comparables are considered exhaustive and representative to the Real Property in terms of location, timing of offering, property usage and other characteristics. Details of the comparable properties are shown as follows:

| | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Comparable 5 | Comparable 6 |
|---|----------------|-------------------|----------------|----------------|----------------|----------------|
| Name of Development | Fuli Plaza | Fuli Sheng Yue Ju | Fuli Plaza | Fuli Plaza | Fuli Plaza | Fuli Plaza |
| District | Liwan District | Liwan District | Liwan District | Liwan District | Liwan District | Liwan District |
| Floor | B3 | B2 | B1 | B1 | B1 | B1 |
| Usage | Car parking | Car parking | Car parking | Car parking | Car parking | Car parking |
| Date of Offering | 30 August 2024 | 14 August 2024 | 8 July 2024 | 26 June 2024 | 8 May 2024 | 8 May 2024 |
| Asking Unit Rate (RMB per car parking space) | 440,000 | 470,000 | 450,000 | 380,000 | 430,000 | 460,000 |

Appropriate adjustments have been made to reflect the differences between the selected comparables and the car parking spaces on Level B1 of the Real Property. List of the comparables with each of their adjustments made and the resulting adjusted unit rates are tabulated as follows:

| | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Comparable 5 | Comparable 6 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Total adjustment | -1% | -1% | -1% | -2% | -3% | -3% |
| Approximate Adjusted Unit Rate (RMB per car parking space) | 436,000 | 465,000 | 446,000 | 372,000 | 417,000 | 446,000 |

APPENDIX III VALUATION REPORT OF THE TARGET PROPERTIES

Adopted Unit Rate for the car parking spaces on Level B1 of the Real Property (per car parking space)

RMB430,000

Having assessed the unit rate for the car parking spaces on Level B1 of the Real Property by the above analysis, adjustments have been made to reflect the differences between it and the car parking spaces on Level B2 of the Real Property. The adjustments made and the resulting adjusted unit rates of the car parking spaces on Level B2 of the Real Property are tabulated as follows:

| Car Parking Spaces on Level B2 | |
|--|---------|
| Total adjustment | -15% |
| Approximate Adjusted Unit Rate (RMB per car parking space) | 370,000 |

- (v) The details breakdown of the market value of the Real Property as at valuation date is shown as follows:

| Market Value in existing state as at 30 November 2024 (RMB) | |
|--|-------------|
| 400 car parking spaces on Level B1 | 172,000,000 |
| 400 car parking spaces on Level B2 | 148,000,000 |
| | <hr/> |
| Total | 320,000,000 |
| | <hr/> <hr/> |

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interests and short positions in the securities of the Company or its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), were as follows:

| Name of Director | Capacity | Number of Shares interested | Approximate percentage of issued Shares (Note 1) |
|-------------------------|--|--|---|
| Mr. Chu | Interests in controlled Corporations (Note 2) | 679,890,022 | 29.50% |
| Mr. Chen Yongcun | Beneficial owner | 700,000 | 0.03% |

Notes:

1. The total number of issued Shares as at the Latest Practicable Date (i.e. 2,304,849,611 Shares) has been used for the calculation of the approximate percentage of shareholdings in the Company.
2. Mr. Chu directly holds 34.06% of the issued shares of Rong De, which in turn holds 57.96% of the issued shares of Zhuguang Holdings, which in turn holds 100% of the issued shares of Splendid Reach Limited, the beneficial owners of such 679,890,022 Shares. Accordingly, Mr. Chu, Rong De and Zhuguang Holdings are deemed to be interested in the Shares held by Splendid Reach Limited pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, (i) Mr. Chu was the chairman and an executive director of Zhuguang Holdings; (ii) Mr. Chen Zhiwei, a non-executive Director, was the deputy general manager of China Cinda (HK) Holdings Company Limited; and (iii) Ms. Ku Ka Lee, an executive Director, was the managing director of the investment department of Cinda HK. Both Zhuguang Holdings and Cinda HK are substantial Shareholders (having the meaning ascribed to it under the Listing Rules) whose interests in the Shares fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of any substantial shareholder (as defined under the Listing Rules) of the Company, or of a company which had any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as it was known to the Directors or the chief executives of the Company, the following persons, other than the Directors or the chief executives of the Company, had interests or short positions in the Shares and underlying Shares which would (i) fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) were recorded in the register required to be kept under section 336 of the SFO:

Long position in the Shares

| Name of Substantial Shareholders | Capacity | Number of Shares interested | Approximate percentage of Issued Shares (Note 1) |
|---|---|-----------------------------|---|
| China Cinda Asset Management Co., Ltd ("China Cinda") | Interest of controlled corporations (Note 2) | 450,300,000 | 19.54% |
| China Cinda (HK) Holdings Company Limited ("Cinda HK") | Interest of a controlled corporation (Note 2) | 450,300,000 | 19.54% |
| China Cinda (HK) Asset Management Co., Limited ("Cinda HK Asset") | Interest of controlled corporations (Note 2) | 450,300,000 | 19.54% |
| CCAM Capital Limited ("CCAM Capital") | Beneficial owner (Note 2) | 450,300,000 | 19.54% |
| Mr. Liao Tengjia | Interest of controlled corporations (Note 3) | 679,890,022 | 29.50% |
| Rong De | Interest of controlled corporations (Note 3) | 679,890,022 | 29.50% |
| Zhuguang Holdings | Interest of a controlled corporation (Note 3) | 679,890,022 | 29.50% |
| Splendid Reach Limited ("Splendid Reach") | Beneficial owner (Note 3) | 679,890,022 | 29.50% |

Notes:

1. The total number of issued Shares as at the Latest Practicable Date (i.e. 2,304,849,611 Shares) has been used for the calculation of the approximate percentage of shareholdings in the Company.
2. China Cinda directly holds 100% of the issued shares of Cinda HK, which in turn holds 100% of the issued shares of Cinda HK Assets, which in turn holds 100% of the issued shares of CCAM Capital, the beneficial owner of such 450,300,000 Shares. Therefore, China Cinda, Cinda HK and China HK Asset are deemed to be interested in the Shares held by CCAM Capital pursuant to Part XV of the SFO.
3. Mr. Liao Tengjia directly holds 36% of the issued shares of Rong De, which in turn holds 57.96% of the issued shares of Zhuguang Holdings, which in turn holds 100% of the issued shares of Splendid Reach, the beneficial owner of such 679,890,022 Shares. Therefore, Mr. Liao Tengjia, Rong De and Zhuguang Holdings are deemed to be interested in the Shares held by Splendid Reach pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive officers of the Company were not aware of any other person (other than the Directors or the chief executives of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO or was recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or any of their respective close associates (having the meaning ascribed to it under the Listing Rules) were interested in any business apart from the business of the Group, which competes or is likely to compete either directly or indirectly with the business of the Group.

DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of or leased to, any member of the Group. As at the date of this circular, none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

MATERIAL ADVERSE CHANGE

As disclosed the interim report of the Company for the six months ended 30 June 2024, the decrease in the interest income recognised on the loan receivables held by the Group, the loss attributable to the owners of the Company increased by approximately 226% from approximately HK\$94.3 million for the six months ended 30 June 2023 to approximately HK\$307.9 million for six months ended 30 June 2024, and the basic loss per share attributable to ordinary equity holders of the Company increased from 4.09 HK cents for the six months ended 30 June 2023 to 13.32 HK cents for the six months ended 30 June 2024, mainly due to the following:

- (i) the decrease in the interest income recognised on the loan receivables held by the Group from approximately HK\$153.5 million for the six months ended 30 June 2023 to approximately HK\$36.1 million for the six months ended 30 June 2024, as the Group has ceased to accrue interest income on certain of its loan receivables, the payments of which have been overdue for more than one year as at 30 June 2024 in accordance with the accounting policy of the Group; and

- (ii) the loss of approximately HK\$83.6 million of 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**”), a joint venture of the Company principally engaged in the crude oil processing business and the production and sale of petrochemical products, shared by the Group for the six months ended 30 June 2024, as compared with its share of Zhong Hai You Qi’s profit of approximately HK\$50.2 million for the six months ended 30 June 2023, as a result of the decline in the performance of Zhong Hai You Qi during the six months ended 30 June 2024.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the issue of this circular which are or may be material:

- (a) the sale and purchase agreement dated 11 October 2023 and entered into between the Company, Silver Grant Hainan Investment (BVI) Limited (SG Hainan) and Silver Grant Group Limited in relation to the disposal of 100% of the issued shares of Real China Development Limited and all amounts, including principal and interest owing by Real China Development Limited to the Company; and
- (b) the sale and purchase agreement dated 11 October 2023 and entered into between the Company and Mr. Gao Jimmy Z in relation to the disposal of the duplex apartment previously held by the Company.

EXPERTS AND CONSENTS

The following experts have been named in this circular or have given opinion or advice which are contained in this circular:

| Name | Qualification |
|---------------------------------|------------------------------|
| ZHONGHUI ANDA CPA Limited | Certified Public Accountants |
| Greater China Appraisal Limited | Independent valuer |

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives, which carry voting rights in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2023), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

GENERAL

- (a) The registered office of the Company is situated at Room 4013B, 40th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Mr. Ng Hoi Leung, Leo, who is a member of the Hong Kong Institute of Certified Public Accountants and Certified Practising Accountants of Australia.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published (i) on the website of the Company (<https://www.silvergrant.com.cn>); and (ii) on the website of the Stock Exchange (<https://www.hkexnews.hk/>) for the period of not less than 14 days from the date of this circular up to and including the date of the EGM:

- (a) the Loan Assignment Agreement;
- (b) the Loan Assignment Supplemental Agreement;
- (c) the letter from the Board, the text of which is set out on pages 6 to 17 of this circular;
- (d) the report from the reporting accountants, ZHONGHUI ANDA CPA Limited, on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II to this circular;
- (e) the Valuation Report, the text of which is set out in Appendix III to this circular;
- (f) the consent letters referred to in the paragraph under the heading “Experts and Consents” in this appendix to this circular; and
- (g) the material contracts as disclosed under the section headed “Material Contracts” in this appendix to this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Silver Grant International Holdings Group Limited (the “**Company**”) will be held at Room 1, 26/F, Guangzhou Jiayu Center, 769 Huacheng Avenue, Tianhe District, Guangzhou, Guangdong Province, the People’s Republic of China on Friday, 28 February 2025 at 10:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing with or without amendments, the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the loan assignment agreement dated 27 June 2024, as amended and supplemented by the loan assignment supplemental agreement dated 22 January 2025 (the “**Loan Assignment Agreement**”, a copy of which has been produced to the EGM and marked as “**A**” and initialled by the chairman of the EGM for the purpose of identification) entered into between the Company and Guangdong Zhuguang Group Company Limited* (廣東珠光集團有限公司) and the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company (“**Directors**”) be and are hereby authorised to sign and execute all such documents, agreements, deeds, acts, matters and things, on behalf of the Company and to do all such acts and things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Loan Assignment Agreement and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (excluding any variation, amendments or waiver of such documents or any terms thereof, which are fundamentally and materially different from those as provided for in the Loan

NOTICE OF EGM

Assignment Agreement and which shall be subject to the approval of the shareholders of the Company) as are, in the opinion of such Director or Directors, in the interests of the Company and its shareholders as a whole.”

By Order of the Board
Silver Grant International Holdings Group Limited
Ng Hoi Leung, Leo
Company Secretary

Hong Kong, 12 February 2025

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Wednesday, 26 February 2025) or any adjournment thereof.
3. To ascertain the entitlement of the shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 25 February 2025 to Friday, 28 February 2025, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 24 February 2025.
4. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), all votes of the shareholders of the Company at the EGM, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.
5. References to time and dates in this notice are to Hong Kong time and dates.
6. As at the date of this notice, the Board comprises Mr. Chu Hing Tsung (alias Zhu Qing Yi) (Chairman and Co-Chief Executive Officer), Mr. Zhang Wenguang (Co-Chief Executive Officer), Mr. Weng Jian and Ms. Ku Ka Lee as executive Directors; Mr. Chen Zhiwei and Mr. Chen Yongcun as non-executive Directors; and Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming as independent non-executive Directors.