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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board ("**Board**") of directors ("**Directors**") of Silver Grant International Holdings Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(742,658)**	(1,812,494)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(466,819)**	134,363
Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(466,819)**	134,363
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
(Loss)/gain arising on property revaluation	**(17,596)**	12,632
Income tax effect	**3,353**	(261)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(14,243)**	12,371

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	**2022**	2021
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Investment properties		**2,309,146**	2,730,045
Property, plant and equipment		**238,199**	271,659
Right-of-use assets		**43,729**	51,773
Other intangible assets		**—**	2,814
Interests in associates		**309,475**	335,507
Interests in joint ventures		**1,506,247**	1,568,397
Amount due from an associate		**439,486**	560,690
Amounts due from joint ventures		**—**	1,747,964
Financial assets at fair value through profit or loss		**1,640**	167,689
Total non-current assets		**4,847,922**	7,436,538
CURRENT ASSETS			
Trade receivables	*9*	**3,934**	4,377
Deposits, prepayments and other receivables		**908,352**	714,075
Amounts due from joint ventures		**430,437**	61,078
Loan receivables		**2,246,377**	2,239,727
Financial assets at fair value through profit or loss		**809,429**	952,679
Derivative financial instruments		**—**	22,280
Pledged bank deposits		**—**	24,450
Restricted bank balance		**674,814**	—
Cash and bank balances		**97,517**	116,755
Total current assets		**5,170,860**	4,135,421
CURRENT LIABILITIES			
Accrued charges, rental deposits and other payables		**1,204,446**	405,116
Interest-bearing bank and other borrowings		**1,388,974**	541,037
Taxation payable		**107,335**	109,457
Lease liabilities		**2,045**	2,048
Convertible bonds		**41,712**	1,301,494
Total current liabilities		**2,744,512**	2,359,152
NET CURRENT ASSETS		**2,426,348**	1,776,269

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,541,766**	3,193,628
Lease liabilities	**45,958**	52,404
Deferred tax liabilities	**192,033**	248,542
Total non-current liabilities	**2,779,757**	3,494,574
Net assets	**4,494,513**	5,718,233
EQUITY		
Equity attributable to owners of the Company		
Share capital	**3,626,781**	3,626,781
Reserves	**395,616**	1,604,563
	4,022,397	5,231,344
Non-controlling interests	**472,116**	486,889
Total equity	**4,494,513**	5,718,233

Should the Group be unable to achieve the above-mentioned plans and measures, the Group may be unable to continue to operate as a going concern, in which case adjustments would have to be made to adjust the values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

1.2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial information relating to the years ended 31 December 2022 and 2021 included in this PWÜŽP9GSWÊFRQVPÀ¢60¿P•VPen-GBÀCWQGÊPE FWHGLQÆPVPT€

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to *the Conceptual Framework for Financial Reporting* ("**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of

(d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 Financial Instruments: clarifes the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to fnancial liabilities that are modifed or exchanged on or after 1 January 2022. As there was no modifcation of the Group's fnancial liabilities during the period, the amendment did not have aq mha

Operating segment information

Year ended 31 December 2022

	Investments *HK$'000*	Property leasing *HK$'000*	Total *HK$'000*
Revenue			
— Rental income	**—**	**96,884**	**96,884**
— Dividend income from listed securities	**136**	**—**	**136**
	136	**96,884**	**97,020**
Segment loss	**(13,073)**	**(153,952)**	**(167,025)**
Other unallocated income, gains and losses			**18,383**
Corporate expenses			**(123,874)**
Finance costs (other than interest on lease liabilities)			**(525,933)**
Share of profits of:			
— associates			**2,050**
— joint ventures			**1,130**
Loss before taxation			**(795,269)**
Taxation			**52,611**
Loss for the year			**(742,658)**

Year ended 31 December 2021

	Investments *HK$'000*	Property leasing *HK$'000*	Total *HK$'000*
Revenue			
— Rental income	—	87,376	87,376
— Dividend income from listed securities	102	—	102
	102	87,376	87,478
Segment profit	164,943	76,517	241,460
Other unallocated income, gains and losses			9,970
Corporate expenses			(180,170)
Finance costs (other than interest on lease liabilities)			(405,572)
Share of losses of:			
— associates			(45,380)
— joint ventures			(1,417,546)
Loss before taxation			(1,797,238)
Taxation			(15,256)
Loss for the year			(1,812,494)

Geographical information

Revenue from external customers

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**136**	102
People's Republic of China ("**PRC**")	**96,884**	87,376
	97,020	87,478

The revenue information above is based on the locations of the customers.

Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**256,508**	287,176
PRC	**4,150,288**	4,673,019
	4,406,796	4,960,195

The non-current assets information above is based on the locations of the assets and excludes financial assets at fair value through profit or loss, amount due from an associate and amounts due from joint ventures.

3. OTHER INCOME, GAINS AND LOSSES

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

	2022	2021
	HK$'000	*HK$'000*
Interest income on:		
— amount due from a joint venture	**44,666**	55,560
— bank deposits	**250**	3,744
— loan receivables	**410,508**	230,296
Net foreign exchange loss	**(1,551)**	(1,420)
Net loss on disposal of property, plant and equipment	**(59)**	
Impairment loss on other intangible assets	**(2,814)**	(2,807)
Government grants*		188
Gain on disposal of financial assets at fair value through profit or loss	**1,860**	27,009
Others	**14,820**	36,279
	467,687	348,441

* The amount represented grants received from relevant government authorities in Mainland China for the Group's operation of property leasing business. There are no unfulfilled conditions or contingencies relating to these grants.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	HK$'000	*HK$'000*
Interest on bank loans	**14,808**	12,546
Interest on other loans	**370,725**	229,050
Interest on convertible bonds	**140,400**	149,532
Interest on senior note	**—**	14,444
Interest on lease liabilities	**4,101**	4,436
	530,034	410,008

6. LOSS BEFORE TAXATION

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

	2022	2021
	HK$'000	*HK$'000*
Auditor's remuneration	**7,200**	7,400
Change in fair value of financial assets at fair value through profit or loss	**166,108**	102,689
Depreciation of property, plant and equipment	**13,527**	12,244
Depreciation of right-of-use assets	**3,824**	3,980

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

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2022	2021
	HK$'000	*HK$'000*
Loss attributable to ordinary equity holders of the Company used in the basic loss per share calculation	**734,563**	1,452,609

	Number of shares	
	2022	2021
	in thousand	*in thousand*
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**2,304,850**	2,304,850

No adjustment for dilution has been made to the basic loss per share amounts presented for the years ended 31 December 2022 and 2021 as the Company's convertible bonds outstanding had an anti-dilutive e f ect on the basic l per shar am nt$ pr sented.

8. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2022 (2021: Nil).

9. TRADE RECEIVABLES

The Group allows a credit period of 30 to 60 days to its trade customers.

The following is an ageing analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2022	2021
	HK$'000	*HK$'000*
Within 1 month	**3,934**	4,377

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Independent Auditor's Report from the auditor of the Company, Ernst & Young:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements which indicates notwithstanding that the Group had net current assets of approximately HK$2,426 million as at 31 December 2022, there are identified events or conditions that indicate the existence of a material

中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Taizhou) Petrochemical Company Limited*) ("**Zhong Hai You Qi**") is a joint venture of the Company, which is principally engaged in the crude oil processing business as well as the production and sale of petrochemical products. In addition to the technological modification exercises which have been carried out to upgrade its factories since 2019, Zhong Hai You Qi has also undertaken product development projects to improve its capabilities for the production of high-end petrochemical products. With the close

The Group has invested RMB505,000,000 (equivalent to approximately HK$565,510,000) 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 31 December 2022, the carrying value of the NT Trust Scheme as measured at fair value through profit or loss, amounted to approximately HK$387,458,000 (31 December 2021: HK$460,235,000) 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$166,108,000 (Year 2021: HK$102,689,000) recorded by the Group in the change in fair value of financial assets at fair value through profit or loss for Year 2022, a loss of approximately HK$35,309,000 (Year 2021: HK$110,618,000) 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 Year 2022 (Year 2021: 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 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.

Property Leasing

The rental income from the Group's property leasing business amounted to approximately HK$96,884,000 for Year 2022, representing an increase of approximately 10.9% from that of approximately HK$87,376,000 for Year 2021. Such revenue 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 increase in the Group's rental income for Year 2022 was mainly caused by the increase in the average occupancy rate of East Gate Plaza from approximately 80% for Year 2021 to approximately 82% for Year 2022, as a result of the following factors: (1) the property operation team of the Group had actively recruited new tenants for the vacant areas in East Gate Plaza and retained its existing tenants while making adjustments to its marketing strategies and adopting a number of flexible leasing policies during the year under review; and (2) the Group had made continuous improvements to the quality of its rental service and the standard of its property management during the year under review so as to stabilise its rental rates.

* *English name is translated for identification purpose only*

FINANCIAL REVIEW

The loss attributable to the owners of the Company decreased by approximately 49.4% from approximately HK$1,452,609,000 for Year 2021 to approximately HK$734,563,000 for Year 2022 and the basic loss per share attributable to ordinary equity holders of the Company decreased from 63.02 HK cents for Year 2021 to 31.87 HK cents for Year 2022, mainly due to the following:

(i) the substantial improvement in the Group's share of the result of the Company's joint venture, Zhong Hai You Qi, from its share of a loss of approximately HK$1,417,546,000 for Year 2021 to its share of a profit of approximately HK$6,600,000 for Year 2022, mainly attributable to (a) the additional sales tax and related tax surcharge and late fee for prior years incurred by Zhong Hai You Qi during Year 2021, which were absent during Year 2022; and (b) the improvement in the operating result of Zhong Hai You Qi from Year 2021 to Year 2022;

(ii) (a) the increase in the loss from the fair value of the financial assets at fair value through profit or loss of the Group for Year 2022 from a0520004 Year 2021 to approximately HK$734,563,000

Other income, gains and losses

The increase in other income, gains and losses from approximately HK$348,441,000 for Year 2021 to approximately HK$46:® Ţ ă ľ l

Accrued charges, rental deposits and other payables

The increase in the Group's accrued charges, rental deposits and other payables from approximately HK$405,116,000 as at 31 December 2021 to approximately HK$1,204,446,000 as at 31 December 2022 was mainly attributable to (i) the increase in the receipts in advance due to the disposal of non-performing assets by the Group during Year 2022; (ii) the increase in the amounts due to other creditors; and (iii) the increase in various payables including interest payables, VAT and other taxes and legal and professional fees payable.

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 e f ciently. 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 d A m φ p

Working Capital and Borrowings

As at 31 December 2022, the Group's total borrowings amounted to approximately HK$3,972,452,000 in aggregate. The composition of these borrowings is summarised below:

	2022	2021
	HK$'000	*HK$'000*
Short term borrowings	**1,388,974**	541,037
Long term borrowings	**2,541,766**	3,193,628
Convertible bonds	**41,712**	1,301,494
Total borrowings	**579,628**	

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$2,251,652,000 (31 December 2021: HK$2,650,502,000) and HK$176,300,000 (31 December 2021: HK$198,500,000) 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$24,450,000) 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$3,285,685,000 (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

The Group's capital expenditures in 2023 are expected to be settled by cash through internal resources of the Group. 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$167,973,000 (31 December 2021: HK$183,374,000). Other than as disclosed, the management of the Group does not expect there to be any plans for material investments or capital assets in 2023 with reference to the current situation as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group provided corporate guarantees of approximately HK$3,576,622,000 (31 December 2021: HK$3,841,990,000) in respect of loans granted to a joint venture of the Company.

CAPITAL STRUCTURE

As at 31 December 2022, the shareholders' funds of the Group decreased by approximately HK$1,208,947,000 to approximately HK$4,022,397,000 (31 December 2021: HK$5,231,344,000), representing a decline of approximately 23.1%. The decrease was mainly due to (i) the loss attributable to the owners of the Company in Year 2022; and (ii) the increase in the exchange loss

HUMAN RESOURCES

The Group had in aggregate 66 employees in Hong Kong and the PRC as at 31 December 2022 (31

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining a standard of corporate governance that is consistent with market practices. The Company complied with all the applicable code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules then in force throughout Year 2022, except for the deviations specified below: A16.45(5)

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

Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting of the company. Mr. Chu, the Chairman, was out of town and was therefore unable to attend the annual general meeting of the Company held on 22 June 2022. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules then in force as its own code of conduct regarding Directors' securities transactions in Year 2022. All Directors have confirmed that, following specific enquiry by the Company, they complied with the required standards set out in the Model Code throughout Year 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES A16.45(2)

During Year 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") has reviewed and accepted the Group's annual results for the year ended 31 December 2022. A16.45(6)

The Audit Committee together with the Board have reviewed the risk management and the internal control system of the Group and were satisfied that it is adequate and effective and is appropriate for the Group for the time being.

CHANGES IN BOARD MEMBERS

Mr. Chen Yongcun, a Co-Chief Executive Officer, has been appointed as an executive Director with effect from 16 September 2022.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated