

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED
銀建國際實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 171)

POSSIBLE PROVISION TO BE MADE ON A FINANCIAL INVESTMENT

This announcement is made by SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the annual report for the year ended 31 December 2013 and the interim financial report for the six months ended 30 June 2014 of the Company regarding (i) the Group’s investment (which accounted for 15.2% indirect interest) in KW, a Germany based mechanical engineering company specialised in foundry technology and principally engaged in the manufacturing of casting moulds and the development of automated production lines, for the amount of EUR3,800,000 (equivalent to approximately HK\$37.9 million) and (ii) the Group’s advance of a proportionate shareholder loan (the “**Loan**”) of EUR912,000 (equivalent to approximately HK\$9.7 million) to KW to meet its working capital requirement, respectively.

In recent years, KW has been persistently suffering from the economic recession in Europe. The reduction of sales orders associated with the high labour cost has adversely affected the operating conditions of KW. In particular, the cessation or refusal of bank(s) to provide finance to KW triggered KW’s application for a liquidation protection order, where the liquidator(s) having taken the possession of KW and/or its assets proposed to sell the entire interest of KW in a public auction in the early September. In this relation, the Company was informed that the lead investor representing the original shareholders of KW had participated in the auction in order to buy back KW and that another bidder however won the bid eventually.

According to the protection conferred by the relevant terms of the Loan arrangements, the board of directors of the Company (the “**Board**”) is confident in recovering the Loan of HK\$9.7 million in full. The Company will closely monitor the developments of this matter and, if considered appropriate, take necessary actions to recover its equity investment in KW, failing which the Company may make a provision in the maximum amount of approximately HK\$37.9 million for the financial year ended 31 December 2014. The Company will make further announcement on any significant development regarding this matter as and when appropriate.

By Order of the Board
SILVER GRANT INTERNATIONAL INDUSTRIES LIMITED
Gao Jian Min
Managing Director

Hong Kong, 19 September 2014

As at the date of this announcement, the Board comprises Mr. Gao Jian Min (Managing Director), Mr. Liu Tianni (Deputy Managing Director) and Mr. Gu Jianguo as executive directors; Mr. Chen Xiaozhou (Chairman), Mr. Hui Xiao Bing (Vice Chairman) and Mr. Chen Qiming (Vice Chairman) as non-executive directors and Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming as independent non-executive directors.