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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)

MAJOR TRANSACTION
PROPOSED TRANSFER OF 49% EQUITY INTERESTS IN
YANGQUAN TIANTAI

PROPOSED TRANSFER OF EQUITY INTERESTS

The Board wishes to announce that on 27 November 2014, the Company resolved to sell (subject to the Shareholders' approval) 49% equity interests in Yangquan Tiantai (being the Subject Equity Interests) at the Base Price of RMB873.2 million (equivalent to approximately HK\$1,116.6 million) by way of public auction at Chongqing United Assets and Equity Exchange (重慶聯合產權交易所) (“**Auction**”). Upon obtaining approval from the Shareholders at the EGM on the proposed Transfer of Equity Interests, the Subject Equity Interests will be listed on Chongqing United Assets and Equity Exchange for public auction at the Base Price.

Upon the completion of the Transfer of Equity Interests, the Group will no longer have any interest in Yangquan Tiantai, which will cease to be an associated company of the Company and its financial results will no longer be accounted for in the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS — MAJOR TRANSACTION

As one or more applicable percentage ratios for the Transfer of Equity Interests is more than 25% but less than 75% (assuming the Subject Equity Interests is successfully bid at the Base Price), the Transfer of Equity Interests will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. It is expected that no Shareholder has any material interest in the Transfer of Equity Interests, and, therefore, no Shareholder will be required to abstain from voting at the EGM on the resolution(s) to approve the Transfer of Equity Interests, the Agreement and the related matters (if any). Should the successful bidder of the Auction is a Shareholder of the Company, necessary step(s) will be taken in accordance with the relevant Listing Rules to confirm and rectify the Transfer of Equity Interests (as and when appropriate).

A circular containing, among other things, further information in relation to the Transfer of Equity Interests and a notice of the EGM will be despatched to the Shareholders on or before 18 December 2014.

As the Auction and the Transfer of Equity Interests may or may not proceed, Shareholders and public investors are advised to exercise caution when dealing in the Company's shares.

INTRODUCTION

The Board wishes to announce that on 27 November 2014, the Company resolved to sell (subject to the Shareholders' approval) 49% equity interests in Yangquan Tiantai (being the Subject Equity Interests) at the Base Price of RMB873.2 million (equivalent to approximately HK\$1,116.6 million) by way of public auction at Chongqing United Assets and Equity Exchange.

Assets to be transferred

The Subject Equity Interests, representing 49% equity interests of Yangquan Tiantai owned by Beijing Runda, a wholly-owned subsidiary of the Company.

Base Price

The Base Price of RMB873.2 million (equivalent to approximately HK\$1,116.6 million) was determined by deducting the unaudited loss attributable to the Subject Equity Interests for the period commenced from 1 January 2014 and ended on 25 November 2014 ("Period") of approximately RMB68.1 million (equivalent to approximately HK\$87.1 million) from the appraised NAV of Yangquan Tiantai as at 31 December 2013 attributable to the Subject Equity Interests of RMB941.3 million (equivalent to approximately HK\$1,203.7 million) determined by an independent valuer which qualification is recognised by the State-owned Assets Supervision and Administration Commission of the Shanxi Province.

The Auction

Upon obtaining approval from the Shareholders at the EGM on the Transfer of Equity Interests, the Subject Equity Interest will be listed on Chongqing United Assets and Equity Exchange for public auction at the Base Price. Chongqing United Assets and Equity Exchange is responsible for administering the Auction. Further announcement will be made by the Company regarding the successful bid for the Transfer of Equity Interests under the Auction and the terms of the Agreement.

INFORMATION ON YANGQUAN TIAN TAI

Yangquan Tiantai is a limited company established under the laws of PRC on 21 October 2009 with a registered and paid-up capital of RMB 2,000,000,000. It is principally engaged in the development of underground coking coal mine. As at the date of this announcement, the registered capital of Yangquan Tiantai is owned as to 49% by Beijing Runda (being the Subject Equity Interests) and as to 51% by Yangquan Coal and, hence, Yangquan Tiantai is an associated company of the Company.

The key financial information of Yangquan Tiantai extracted from its accounts for each of the two financial years ended 31 December 2013, 31 December 2012 and six months ended 30 June 2014 are as follows:

	For the period ended 30 June 2014 HKD (unaudited) (approximately)	For the year ended 31 December 2013 HKD (audited) (approximately)	For the year ended 31 December 2012 HKD (audited) (approximately)
Revenue	60,664,000	55,224,000	—
Loss before taxation	(75,399,000)	(277,920,000)	(162,047,000)
Loss for the year	(75,399,000)	(282,317,000)	(161,863,000)

	As at 30 June 2014 HKD (unaudited) (approximately)	As at 31 December 2013 HKD (audited) (approximately)	As at 31 December 2012 HKD (audited) (approximately)
Net assets	2,052,934,000	2,128,333,000	2,340,664,000
Net assets attributable to the Group	1,005,937,000	1,042,883,000	1,146,925,000

REASONS OF AND BENEFITS FOR THE TRANSFER OF EQUITY INTERESTS

The Group is principally engaged in property investment, other investments, distressed assets business and production and trading of petrochemical products.

In March 2010, Beijing Runda, a wholly-owned subsidiary of the Company, contributed 49% of the capital increase in Yangquan Tiantai with the view to extend its business to the coal resources industry in the PRC, thereby diversify the source of income and increase the financial returns of the Group. Nevertheless, due to the nationwide unfavourable environment in the coal industry, the pile up of coal inventories and the continuous drop of coal prices in the PRC, the financial performance of Yangquan Tiantai was unsatisfactory for the past few years. During year 2013, Yangquan Tiantai deliberately slowed down the construction and redevelopment works of its coal mines in order to minimize operating costs and avoid selling coals at a loss. For the year ended 31 December 2012 and 31 December 2013, the Group's share of loss of Yangquan Tiantai amounted to approximately HK\$79.3 million and HK\$138.3 million respectively. In addition, the Directors are of the view that coal price will remain stagnant without significant and prolonged rebound in the near future. As disclosed in the 2013 annual report of the Company, the Directors were seriously evaluating various proposals regarding a possible restructuring of Yangquan Tiantai in order to tackle the loss burden from Yangquan Tiantai.

Hence, the Directors consider that the disposal of the Subject Equity Interests represents a good opportunity for the Group to exit its investment in Yangquan Tiantai and to improve the future financial performance of the Group as a whole. Further, the Directors believe that the proceeds from the Transfer of Equity Interests can further strengthen the cash position of the Group and will provide funding for the Group to make alternative investment as and when suitable opportunities arise. As at the date of this announcement, the Company is considering the investment potential of certain energy projects but no concrete plan has been formulated up to the date of this announcement.

The Directors, including the independent non-executive Directors, consider that (i) the terms of the Agreement to be entered into with the successful bidder of the Auction are normal commercial terms and are fair and reasonable; (ii) the determination of the Base Price with reference to the appraised NAV of Yangquan Tiantai as at 31 December 2013 and the operating results of Yangquan Tiantai during the Period was appropriate; and (iii) the transfer of the Subject Equity Interests is in the best interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSFER OF EQUITY INTERESTS

Upon the completion of the Transfer of Equity Interests, the Group will no longer have any interests in Yangquan Tiantai, which will cease to be an associate of the Company, and its financial results will no longer be accounted for in the consolidated financial statements of the Company.

Upon the completion of the Transfer of Equity Interests, the Group is expected to receive a net proceeds of RMB873.2 million (equivalent to approximately HK\$1,116.6 million) from the transfer of the Subject Equity Interests assuming the Subject Equity Interests is successfully bid at the Base Price. It is expected that the Group will recognize a disposal gain (before legal and professional fees and withholding tax) of approximately HK\$160.8 million from the Transfer of Equity Interests which is calculated based on the difference between the proceeds and the carrying value of Yangquan Tiantai. It is expected that the net proceeds of the Transfer of Equity Interests will be applied as the Group's general working capital and funding for future investment as and when suitable opportunities arise.

LISTING RULES IMPLICATIONS — MAJOR TRANSACTION

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A circular containing, among other things, further information in relation to the Transfer of Equity Interests and a notice of the EGM will be despatched to the Shareholders on or before 18 December 2014.

As the Auction and the Transfer of Equity Interests may or may not proceed, Shareholders and public investors are advised to exercise caution when dealing in the Company's shares.

DEFINITIONS

Unless otherwise specified, the following words and phrases have the following meanings in this announcement:

“Agreement” an agreement in the prescribed form designated by Chongqing United Assets and Equity Exchange to be entered into between Beijing Runda and the successful bidder of the Auction;

“Beijing Runda”	北京潤達國際投資管理有限公司(transliteration “Beijing Runda International Investment Management Limited”), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“Base Price”	the base price of RMB873.2 million (equivalent to approximately HK\$1,116.6 million) proposed by the Company for the Auction;
“Company”	Silver Grant International Industries Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company, including the independent non-executive Directors;
“EGM”	the extraordinary general meeting of the Company to be convened for, among others, considering, and if thought fit, approving the Transfer of Equity Interests, the Agreement and the related matters (if any);
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	a person(s) or company(ies) who or which is/are independent of and not connected with the Directors, chief executive or substantial shareholder of the Company, or any of their respective subsidiaries or associates as defined under the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Subject Equity Interests”	being the 49% equity interests of Yangquan Tiantai owned by Beijing Runda, a wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transfer of Equity Interests”	the transfer of the Subject Equity Interests by Beijing Runda to the successful bidder of the Auction;

“Yangquan Coal”	陽泉煤業(集團)股份有限公司(“Yang Quan Coal Industry (Group) Co., Ltd.”) (formerly known as “山西國陽新能股份有限公司” (“Shanxi Guoyang New Energy Co., Limited”)), a joint stock limited company incorporated in the PRC, the shares of which are listed on The Shanghai Stock Exchange;
“Yangquan Tiantai”	陽泉煤業集團天泰投資有限公司(“Yang Quan Coal Industry (Group) Tiantai Investment Limited”) (formerly known as “國陽天泰投資有限公司”(transliteration “Guoyang Tiantai Investment Limited”)), a company established in the PRC with limited liability;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC and for the purpose of this announcement, Renminbi is translated into Hong Kong dollars at a fixed rate of RMB0.782 = HK\$1.00;
“%”	per cent.

By order of the Board
Silver Grant International Industries Limited
Gao Jian Min
Managing Director

Hong Kong, 27 November 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.