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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)

Website: www.silvergrant.com.hk

(Stock Code: 171)

MAJOR TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF STRAIGHT VIEW INVESTMENT LIMITED

THE SALE AND PURCHASE AGREEMENT

On 28 April 2017 (after trading hours), the Company and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to dispose of and the Purchasers have conditionally agreed to acquire the Sale Shares and the Shareholder Loan at the Consideration of HK\$31.70 million.

IMPLICATIONS UNDER THE LISTING RULES

The Purchasers, namely Ms. Zhang and Mr. Xue, are currently the directors of Yinda, and thus connected persons of the Company. Further, Ms. Zhang also owns 80% equity interests in the registered capital of Yinda Hang, which in turn holds 10% interests in the registered capital of Yinda. Hence, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that (i) the Purchasers are connected persons of the Company at subsidiary level; (ii) the Board have approved the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, and is on normal commercial terms or better, the Disposal is therefore exempted from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rule.

Furthermore, as one or more of the applicable percentage ratios for the Disposal are more than 25% but are all less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing further information on the Sale and Purchase Agreement and the transactions contemplated thereunder together with a notice convening the EGM and a proxy form are expected to be despatched to the Shareholders on or before 24 May 2017.

The Board wishes to announce that after trading hours on 28 April 2017, the Company and the Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to dispose of and the Purchasers have conditionally agreed to acquire the Sale Shares and the Shareholder Loan at the aggregated consideration of HK\$31.70 million.

THE SALE AND PURCHASE AGREEMENT

Date

28 April 2017

Parties

The Company and the Purchasers, namely, Ms. Zhang and Mr. Xue.

Asset to be disposed of

The Company conditionally agreed to dispose the Sale Shares and the Shareholder Loan to the Purchasers in such manner that each of the Purchasers will acquire 50% of the Sale Shares and 50% of the Shareholder Loan. The Sale Shares represent the entire issued share capital of Straight View, a wholly owned subsidiary of the Company which in turn holds 90% of the registered capital of Yinda.

Consideration

The Consideration is HK\$31.70 million to be paid in cash upon Completion by:—

- Ms. Zhang as to HK\$15.85 million; and
- Mr. Xue as to HK\$15.85 million.

Basis of Consideration

The Consideration of HK\$31.70 million was determined after arm's length negotiations between the Company and the Purchasers after taking into account of the audited net assets of the Disposal Group as at 31 December 2016 of approximately HK\$51.66 million, the Shareholder Loan of approximately HK\$8.52 million and the audited carrying value of the Disposal Group of approximately HK\$56.88 million. It is agreed by the parties that a dividend amounting to HK\$25.55 million in aggregate will be declared and paid to the Company on or before Completion (the "**Straight View Dividend**"). The Consideration approximates to the unaudited carrying value of the Disposal Group after netting of the Straight View Dividend as at the date of this announcement. Accordingly, the Board is of the view that the Consideration is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (a) the passing of the necessary resolutions by Straight View to declare the Straight View Dividend and the payment of the Straight View Dividend;
- (b) the passing of the necessary resolutions by the Shareholders at the EGM to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (c) all necessary approvals, permits, consents and authorization required to be obtained by both the Company and the Purchasers in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect.

It is agreed that the conditions precedent were being set out solely for the benefit of the Company and none of the conditions precedent set out hereinabove can be waived. The Company and the Purchasers shall use all reasonable endeavours to procure the fulfillment of the above conditions as soon as reasonably practicable and in any event on or before the Long Stop Date.

Completion

Completion of the Sale and Purchase Agreement shall take place on a Business Day which falls within five Business Days after the fulfillment of the conditions precedent or such later date as may be agreed by the Company and the Purchaser in writing.

INFORMATION RELATING TO THE DISPOSAL GROUP

Basic information of the Disposal Group

Straight View, a company incorporated in Hong Kong with limited liability on 23 September 1994 and, as at the date of this announcement, is a wholly-owned subsidiary of the Company. Straight View is an investment vehicle of the Company holding 90% of the registered capital in Yinda, a company established in the PRC on 20 December 2000 whose principal business is provision of property management services in Beijing.

Financial information of the Disposal Group

The unaudited financial information of the Disposal Group for the two years ending 31 December 2015 and 2016 are summarized as follows:

	For the year ended 31 December 2016 (HKD'000)	For the year ended 31 December 2015 (HKD'000)
Revenue	252,877	220,833
Net profit (loss) before tax	9,233	(13,953)
Net profit (loss) after tax	6,384	(15,828)

INFORMATION RELATING TO THE COMPANY

The Company is an investment holding company and engaged in property investment and securities trading. The Company and its subsidiaries are principally engaged in property investment, other investments, distressed assets business and production and trading of petrochemical products.

REASONS FOR THE DISPOSAL

While executing the business plans and strategy of the Group for 2017 and onward, the Board has decided to cease investing in labour intensive business activities. As the profit contributable to the Group from Yinda did not meet the expectation of the Board, the Board considers the Disposal is in the interest of the Company and its Shareholders as a whole.

EFFECT OF THE DISPOSAL

Based on the fact that the Consideration is approximate to the estimated carrying value of the Disposal Group immediately after the completion of the Disposal, the Company does not expect to recognise any material gain or loss on the Disposal.

Upon Completion, the Company will cease to hold any equity interest of the Disposal Group and each member of the Disposal Group will cease to be a subsidiary of the Company.

The Company intends to use the net proceeds of the Disposal for general working capital.

IMPLICATIONS UNDER THE LISTING RULES

The Purchasers, namely Ms. Zhang and Mr. Xue, are currently the directors of Yinda, and thus connected persons of the Company. Further, Ms. Zhang also owns 80% equity interests in the registered capital of Yinda Hang, which in turn holds 10% interests in the registered capital of Yinda. Hence, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that (i) the Purchasers are connected persons of the Company at subsidiary level; (ii) the Board have approved the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, and is on normal commercial terms or better, the Disposal is therefore exempted from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rule.

Furthermore, as one or more of the applicable percentage ratios for the Disposal are more than 25% but are all less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

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A circular containing further information on the Sale and Purchase Agreement and the transactions contemplated thereunder together with a notice convening the EGM and a proxy form are expected to be despatched to the Shareholders on or before 24 May 2017.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Consideration”	HK\$31.70 million, being the aggregate consideration payable by the Purchasers under the Sale and Purchase Agreement
“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
“connected persons”	having the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchasers pursuant to the terms of the Sale and Purchase Agreement
“Disposal Group”	Straight View and Yinda
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being 30 September 2017
“Ms. Zhang”	Ms. Zhang Zhenxue (張振秀), one of the Purchasers and a director of Yinda
“Mr. Xue”	Mr. Xue Fuzhi (薛福志), one of the Purchasers and a director of Yinda

“PRC”	the People’s Republic of China
“Purchasers”	purchasers of the Disposal Group, namely, Ms. Zhang and Mr. Xue
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the 100 ordinary shares of Straight View representing the entire issued share capital of Straight View
“Shareholder(s)”	the holder(s) of the shares of the Company
“Shareholder Loan”	approximately HK\$8.52 million owed to the Company by Straight View as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Straight View”	Straight View Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Yinda”	Beijing Yinda Property Management Limited* (北京銀達物業管理有限責任公司), a company established in the PRC with limited liability and is owned as to 90% and 10% of its registered capital by Straight View and Yinda Hang, respectively
“Yinda Hang”	Beijing Yinda Hang Property Management Limited* (北京銀達行物業管理有限責任公司), a company incorporated in the PRC with limited liability and is owned as to 80% of its registered capital by Ms. Zhang
“%”	per cent

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

Hong Kong, 28 April 2017

As at the date of this announcement, the Board comprises Mr. Gao Jian Min (Managing Director), Mr. Liu Tianni (Deputy Managing Director) and Mr. Ma Yilin as executive directors; Mr. Wu Songyun (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.

* *for identification purpose only.*