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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)

CLARIFICATION ANNOUNCEMENT AND DISCLOSEABLE TRANSACTION

Reference is made to the announcement of the Company dated 18 January 2018 in relation to, inter alia, the Disposal.

The Board wishes to clarify that, as one of the applicable percentage ratios in respect of the Disposal is more than 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Share Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

The Board announces that on 10 January 2018 (after trading hours), the Vendor and the Purchaser entered into the Share Transfer Agreement in respect of the Disposal.

The principal terms of the Share Transfer Agreement are summarized as follows:

Date

10 January 2018 (after trading hours)

Parties

- (1) the Vendor; and
- (2) the Purchaser

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed of

The Vendor agreed to sell and the Purchaser agreed to acquire the Target Shares, being 7.5 million shares beneficially owned by the Vendor in China UnionPay, representing approximately 0.256% of the entire issued share capital of China UnionPay. The carrying value of the Target Shares was approximately HK\$50.3 million as at 30 June 2017, based on the unaudited accounts of the Group for the six months ended 30 June 2017.

Consideration

The Consideration for the Disposal is RMB195.0 million (equivalent to approximately HK\$234.0 million), which shall be settled in cash. The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms, determined with reference to the carrying value of the Target Shares.

A deposit of RMB10.0 million (equivalent to approximately HK\$12.0 million) is to be settled within 10 business days after signing of the Share Transfer Agreement. If the Purchaser fails to settle the deposit within the said period, the Vendor shall be entitled to terminate the Share Transfer Agreement unilaterally. The deposit was received by the Vendor on 17 January 2018.

The Consideration shall be settled in a lump sum within 30 days after signing of the Share Transfer Agreement, where the deposit will be applied as part payment of the Consideration. If the Consideration is not settled by the Purchaser within the said period and remains unsettled for another 30 days afterwards, provided that no supplemental agreement for delayed settlement has been reached by the Vendor and the Purchaser, the Vendor is entitled to terminate the Share Transfer Agreement unilaterally and the entire deposit received shall be forfeited.

Completion

The Purchaser shall become the beneficial owner of the Target Shares upon the settlement of the Consideration.

After signing of the Share Transfer Agreement, the Vendor shall pursue to effect the transfer of the beneficial ownership of the Target Shares to the Purchaser. If the Vendor fails to do so, the Share Transfer Agreement shall be void and the Vendor shall repay the deposit received and the Consideration received (if applicable) to the Purchaser.

INFORMATION ABOUT CHINA UNIONPAY

To the best of the Directors' knowledge, China UnionPay is a limited liability company established in the PRC and a financial services corporation approved by the People's Bank of China. It is the largest bank card association and credit card issuer in the PRC.

The dividends on the Target Shares received by the Vendor for the financial years ended 31 December 2017 and 31 December 2016 were RMB600,000 and RMB487,500 (equivalent to approximately HK\$720,000 and HK\$585,000), respectively.

INFORMATION ABOUT THE VENDOR AND THE GROUP

The Vendor is an indirect wholly-owned subsidiary of the Company established in the PRC on 14 August 1993 and is principally engaged in the business of property development and investment.

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

INFORMATION ABOUT THE PURCHASER

The Purchaser is a limited liability partnership established in the PRC and is principally engaged in investment holding.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

The Group expects to recognise an after tax gain (before expense) of approximately RMB112.5 million (equivalent to approximately HK\$135.0 million) from the Disposal.

The net proceeds, being consideration less corporate income tax payable, received from the Disposal will be approximately RMB157.5 million (equivalent to approximately HK\$189.0 million) and will be retained as working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group can realise its financial investment and recognise profit through the Disposal. In additions, the Disposal can further enhance the working capital of the Group.

In view of the above-mentioned reasons, the Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Disposal is more than 5% but all of the applicable percentage ratios are less than 25%, the entering into of the Share Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITION

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

“Board”	board of Directors
“China UnionPay”	China UnionPay Co., Ltd.* (中國銀聯股份有限公司), a limited liability company established in the PRC
“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
“Consideration”	the sum of RMB195.0 million (equivalent to approximately HK\$234.0 million), being the consideration for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Target Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties independent of the Group and its connected persons (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, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Purchaser”	a limited liability partnership established in the PRC

“Share Transfer Agreement”	the share transfer agreement dated 10 January 2018 entered into between the Purchaser and the Vendor in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	7.5 million shares beneficially owned by the Vendor in China UnionPay, representing approximately 0.256% of the entire issued share capital of China UnionPay
“Vendor”	Beijing East Gate Development Co., Ltd.* (北京東環置業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

By Order of the Board
Silver Grant International Industries Limited
Chow Kwok Wai
Company Secretary

Hong Kong, 24 January 2018

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. Luo Zhenhong (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.

In this announcement, the translation of Renminbi into Hong Kong dollars is based on the exchange rate of RMB1.00 to HK\$1.20.

* For identification purpose only