SILVER GRANT INTERNATIONAL HOLDINGS GROUP LIMITED

銀建國際控股集團有限公司

(Stock Code: 171)

2024 INTERIM RESULTS ANNOUNCEMENT

The board ("**Board**") of directors ("**Directors**") of Silver Grant International Holdings Group Limited ("**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**(Unaudited)**	(Unaudited)
		Six months ended 30 June	
		2024	2023
		HK$’000	*$’000*
Rental income	5	**46,961**	51,611
Direct operating expenses		**(3,215)**	(4,679)
		43,746	46,932
Dividend income from listed securities	5	**–**	2
Other income, gains and losses	5	**38,337**	158,223
Change in fair value of financial assets at fair value through profit or loss (“**FVTPL**”)		**(21,431)**	(48,037)
Reversal of impairment of financial assets, net		**4,717**	3,698
Administrative expenses		**(48,034)**	(64,641)
Change in fair value of investment properties		**(19,107)**	(28,054)
Finance costs	6	**(245,353)**	(195,263)
Share of (losses)/profits of:			
– associates		**(262)**	5,152
– joint ventures		**(93,949)**	45,307
Loss before taxation	8	**(341,336)**	(76,681)
Taxation	7	**6,463**	7,086
Loss for the period		**(334,873)**	(69,595)
Loss attributable to:			
– Owners of the Company		**(306,999)**	(94,260)
– Non-controlling interests		**(27,874)**	24,665
		(334,873)	(69,595)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted (HK cents per share)	9	**(13.32)**	(4.09)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

F 30 2024

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
LOSS FOR THE PERIOD	**(334,873)**	(69,595)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(25,214)**	(119,247)
Total other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(25,214)**	(119,247)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
(Loss)/gain arising on property revaluation	**(1,775)**	6,192
Income tax effect	**–**	(858)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(1,775)**	5,334
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(26,989)**	(113,913)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(361,862)**	(183,508)
Total comprehensive loss attributable to:		
– Owners of the Company	**(327,303)**	(104,047)
– Non-controlling interests	**(34,559)**	(79,461)
	(361,862)	(183,508)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A 30 2024

		(Unaudited) As at 30 June 2024 *HK$'000*	( ) As at 31 December 2023 *$'000*
NON-CURRENT ASSETS			
Investment properties		**2,098,511**	2,133,714
Property, plant and equipment		**52,211**	54,134
Right-of-use assets		**39,558**	39,460
Interests in associates		**271,732**	274,094
Interests in joint ventures		**1,299,036**	1,402,837
Amount due from an associate		**413,428**	416,542
Amounts due from joint ventures		**208,951**	216,216
Financial assets at FVTPL		**1,640**	1,640
Total non-current assets		**4,385,067**	4,538,637
CURRENT ASSETS			
Trade receivables	11	**12,126**	6,362
Deposits, prepayments and other receivables		**842,178**	838,086
Amounts due from joint ventures		**1,651**	1,664
Loan receivables		**1,811,675**	1,894,369
Financial assets at FVTPL		**374,937**	434,677
Cash and bank balances		**61,792**	57,333
Total current assets		**3,104,359**	3,232,491
CURRENT LIABILITIES			
Accrued charges, rental deposits and other payables		**550,999**	419,184
Interest-bearing bank and other borrowings		**3,468,351**	3,485,049
Taxation payable		**107,105**	107,114
Lease liabilities		**3,765**	2,187
Total current liabilities		**4,130,220**	4,013,534

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(C)

A 30 2024

	(Unaudited) As at 30 June 2024 *HK$'000*	( ) As at 31 December 2023 *$'000*
NET CURRENT LIABILITIES	**(1,025,861)**	(781,043)
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,359,206**	3,757,594
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**40,526**	66,887
Lease liabilities	**39,410**	43,112
Deferred tax liabilities	**154,698**	161,161
Total non-current liabilities	**234,634**	271,160
Net assets	**3,124,572**	3,486,434
EQUITY		
Equity attributable to owners of the Company		
Share capital	**3,626,781**	3,626,781
Reserves	**(834,292)**	(506,989)
	2,792,489	3,119,792
Non-controlling interests	**332,083**	366,642
Total equity	**3,124,572**	3,486,434

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The Company's auditor did not express an opinion on the Group's consolidated financial statements for the year ended 31 December 2023 due to multiple uncertainties relating to going concern. Even had there been no multiple uncertainties relating to going concern which precluded the Company's auditor from expressing an opinion on the consolidated financial statements, the opinion of the Company's auditor would have been qualified due to scope limitations in respect of the loan receivables and related loan interest receivables of the Group with a carrying amount of approximately HK$1,552 million and approximately HK$349 million, respectively, as at 31 December 2023. Further details are set out in the auditor's report included in the Company's annual report for the year ended 31 December 2023.

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1. BASIS OF PRESENTATION

As at 30 June 2024, the Group had cash and bank balances of approximately HK$62 million and the Group's interest-bearing bank and other borrowings with an aggregate carrying amount of approximately HK$3,468 million were due to be repaid within 12 months from the end of the reporting period, including (i) borrowing of approximately HK$194 million which has not been repaid according to the scheduled repayment date before the end of the reporting period; and (ii) borrowings of approximately HK$2,825 million with original maturity dates of over one year from the end of the reporting period which have been reclassified to current liabilities due to the delay in the payment of interest of certain borrowings. In June 2024, a court order in the Chinese Mainland has been issued to freeze certain bank balances and other assets of the Group due to the non-payment of an overdue other borrowings with an outstanding principal amount of approximately HK$194 million ("**Overdue Other Borrowings**"). Up to the date of approval of these unaudited condensed consolidated financial statements, except for the Overdue Other Borrowings, the Group has not received any demand for immediate repayment of its bank and other borrowings. As at the date of approval of these unaudited condensed consolidated financial statements, the Group has been actively liaising with the lender for settlement of the court order in relation to the Overdue Other Borrowings and negotiating with the relevant lenders for extension of the repayment date of certain of the other aforesaid borrowings. In addition, in June 2024, the Company entered into an agreement with an independent third party to assign all the rights, title, benefits and interests of the Company to, in and under the loan agreements in relation to 54 loans (the total outstanding principal amount and interest of which amounted to approximately HK$2,429 million as at 31 December 2023) advanced by the Group, which would allow the Group to substantially recover a large portion of the outstanding amount owed to the Group under such loans within a foreseeable timeframe and in a relatively short period of time upon completion.

In view of the above circumstances, the Directors have given careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing in assessing the Group's ability to continue operating as a going concern. The following plans and measures are formulated to manage the working capital and improve the financial position of the Group:

(i) the Group will continue to implement measures for the disposal of the outstanding loan receivables and loan interest receivables;

(ii) the Group will continue to take measures to expedite the disposal of financial asset investments, including equity investments and non-performing assets portfolio;

(iii) the Group will continue its negotiations with the lenders of certain bank and other borrowings or other financial institutions on the settlement and/or refinancing of the borrowings; and

(iv) the Group will obtain additional credit facilities from existing and other lenders as and when needed.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements of the Group on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend on (i) the successful settlement of the court order in relation to the Overdue Other Borrowings; (ii) the successful and timely implementation of the plans and measures for the disposal of financial asset investments, outstanding loan receivables and loan interest receivables; (iii) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings; and (iv) the successful obtaining of new sources of financing as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying 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 unaudited condensed consolidated financial statements.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix D2 to the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

The financial information relating to the year ended 31 December 2023 that is included in the unaudited condensed consolidated statement of financial position as at 30 June 2024 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on the consolidated financial statements for the year ended 31 December 2023. The auditor's report was qualified and contain a statement under sections 407(2) and 407(3) of the Companies Ordinance; and the auditor's report did not contain a statement under section 406(2) of the Companies Ordinance.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial statements.

Amendments to HKFRS 16	[illegible]
Amendments to HKAS 1	[illegible] (***2020 Amendments***)
Amendments to HKAS 1	[illegible] (***2022 Amendments***)
Amendments to HKAS 7 and HKFRS 7	[illegible]

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group had no sale and leaseback transaction with variable lease payments that did not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group did not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has the following reporting segments:

(a) the investments segment representing the investments in financial assets at FVTPL and loan receivables; and

(b) the property leasing segment representing holding of properties for rental income and/or potential for capital appreciation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that non-lease-related finance costs, share of results of associates and joint ventures and corporate expenses are excluded from such measurement.

No segment asset or liability is presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Six months ended 30 June 2024 (Unaudited)

	Investments *HK$'000*	**Property leasing** *HK$'000*	**Total** *HK$'000*
Revenue			
– Rental income	**–**	**46,961**	**46,961**
– Dividend income from listed securities	**–**	**–**	**–**
	–	**46,961**	**46,961**
Segment profit	**17,682**	**11,445**	**29,127**
Other unallocated income, gains and losses			**2,203**
Corporate expenses			**(34,840)**
Finance costs (other than interest on lease liabilities)			**(243,615)**
Share of losses of:			
– associates			**(262)**
– joint ventures			**(93,949)**
Loss before taxation			**(341,336)**
Taxation			**6,463**
Loss for the period			**(334,873)**

Six months ended 30 June 2023 (Unaudited)

	Investments *$'000*	Property leasing *$'000*	Total *$'000*
Revenue			
– Rental income	–	51,611	51,611
– Dividend income from listed securities	2	–	2
	2	51,611	51,613
Segment profit	112,146	1,288	113,434
Other unallocated income, gains and losses			(109)
Corporate expenses			(47,051)
Finance costs (other than interest on lease liabilities)			(193,414)
Share of profits of:			
– associates			5,152
– joint ventures			45,307
Loss before taxation			(76,681)
Taxation			7,086
Loss for the period			(69,595)

Geographical information

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Hong Kong	**–**	2
People's Republic of China ("**PRC**" or "**China**")	**46,961**	51,611
	46,961	51,613

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

5. REVENUE AND OTHER INCOME, GAINS AND LOSSES

An analysis of revenue is as follows:

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Gross rental income	**46,961**	51,611
Dividend income from listed securities	**–**	2
	46,961	51,613

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

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Interest income on:		
– amount due from a joint venture	**–**	3,300
– loan receivables	**36,133**	153,535
– bank deposits	**43**	500
Net foreign exchange gain	**19**	81
Net loss on disposal of property, plant and equipment	**–**	(44)
Gain on disposal of financial assets at FVTPL	**–**	1,497
Others	**2,142**	(646)
	38,337	158,223

6. FINANCE COSTS

An analysis of finance costs is as follows:

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Interest on bank loans	**6,097**	7,780
Interest on other loans	**237,518**	185,634
Interest on lease liabilities	**1,738**	1,849
	245,353	195,263

7. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries in Hong Kong had no assessable profits or had incurred tax losses for both reporting periods.

The taxation charge of the PRC Corporate Income Tax ("**CIT**") for the reporting periods has been made based on the Group's estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the Company's subsidiaries in the PRC. Under the Law of the PRC on Corporate Income Tax ("**CIT Law**") and the Implementation Regulation of the CIT Law, the tax rate of the Company's subsidiaries in the PRC was 25% for both reporting periods.

The withholding tax arising from the dividend income received from the Company's subsidiaries in the PRC was calculated at 5% for both reporting periods.

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Current:		
PRC CIT – charge for the period	**–**	–
Deferred	**(6,463)**	(7,086)
Total tax credit for the period	**(6,463)**	(7,086)

8. LOSS BEFORE TAXATION

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

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Depreciation of property, plant and equipment	**2,888**	6,092
Depreciation of right-of-use assets	**1,911**	1,856
Change in fair value of financial assets at FVTPL	**21,431**	48,037
Employee benefit expenses including directors' and co-chief executive officers' remuneration:		
Wages and salaries	**22,028**	28,300
Pension scheme contributions (defined contribution scheme)	**1,145**	1,327
	23,173	29,627
Rental income under operating leases for investment properties, less outgoings of HK$3,215,000 (six months ended 30 June 2023: HK$4,679,000)	**(43,746)**	(46,932)
Reversal of impairment of financial assets, net	**(4,717)**	(3,698)
Change in fair value of investment properties	**19,107**	28,054

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

The calculations of the basic and diluted loss per share attributable to ordinary equity holders of the Company are based on the following data:

	(Unaudited)	(Unaudited)
	Six months ended 30 June	
	2024	2023
	HK$'000	*$'000*
Loss for the period attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculations	**(306,999)**	(94,260)

	Six months ended 30 June	
	2024	2023
	in thousand	[illegible]
Number of shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations	**2,304,850**	2,304,850

The denominators used in the calculations of the basic and diluted loss per share are the same as those detailed above for the calculations of the basic and diluted loss per share attributable to the ordinary equity holders of the Company.

No adjustment for dilution has been made to the basic loss per share amount presented for the six months ended 30 June 2023 as the Company's convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amount presented. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024.

10. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

11. TRADE RECEIVABLES

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

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

	As at 30 June 2024 *HK$'000*	As at 31 December 2023 *$'000*
Within 30 days	**9,751**	6,362
31 to 60 days	**2,375**	–
	12,126	6,362

12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	As at 30 June 2024 *HK$'000*	As at 31 December 2023 *$'000*
Contracted, but not provided for:		
Property, plant and equipment	**2,408**	–

BUSINESS REVIEW

Global economic activities and world trade have stabilised and picked up at the beginning of 2024, with strong demand for electronic products, particularly semi-conductors for high-tech and artificial intelligence applications, spurring the exports in several Asian economies and global trade recovery. The falling trend of global inflation has been slowing down. In June 2024, despite the inflation data of the United States being in line with market expectations, as the Federal Reserve would not start to cut interest rate until it had more confidence that the inflation rate would unfalteringly move towards the target of 2%, it had still kept the benchmark interest rate unchanged, while the European Central Bank took the lead in starting the interest rate cutting cycle. The strong position of the United States dollar has led to currency depreciation and soaring prices in many countries, with the offshore RMB having fallen approximately 2.5% against the United States dollar during the six months ended 30 June 2024 ("**Period 2024**"). Contrary to its external environment, China's domestic economy has been facing greater deflationary pressures during the first half of 2024 due to the lack of effective demand, weak market confidence, overcapacity in certain industries, and impeded monetary policy transmission. However, China's gross domestic product still achieved a 5% year-on-year growth during Period 2024, which was an outstanding performance among the major economies in the world. In response to the global trend toward a low-carbon economy, the Chinese government has actively promoted a green and low-carbon transition, and has achieved global leadership in two major fields in particular, namely, new energy vehicles and solar power generation.

As the mainstream technology and application of solar power generation, photovoltaic power generation has developed rapidly in terms of technology iteration and production capacity expansion in China over the past few years. Currently, the photovoltaic market has an overcapacity problem in the industry, and has become fiercely competitive in the industry chain and experienced a significant decline in profitability. Against this backdrop, only enterprises with ample capital, prominent technological advantages and outstanding management capabilities can survive the industry reshuffle. During Period 2024, overall sales in the photovoltaic industry in China were below expectation due to the decline in the market conditions. However, the photovoltaic cell module project company invested by the Company's joint venture, 北京靈駿新能源科技有限責任公司 (Beijing Lingjun New Energy Technology Company Limited*) ("**Beijing Lingjun**"), has achieved a certain level of improvement in various aspects, including technology research and development, production management, sales management and brand marketing, thus consolidating its core competitiveness. During the period under review, the ground-breaking copper grid heterojunction photovoltaic cell that the project company independently developed did not only achieve its pre-set targets in terms of production capacity, yield rate and cell efficiency, its technological results were also showcased in the 17th International Photovoltaic Power Generation and Smart Energy (Shanghai) Conference & Exhibition held in Shanghai, thereby raising the profiles of the project company and its products.

* *E*[illegible]

In June 2024, the first distributed photovoltaic power generation project invested by the Group was completed and put into operation, with its power generation efficiency being better than expected. As of the end of July 2024, the Group had over 35 distributed photovoltaic power generation reserve projects, covering a total roof area of over 500,000 square metres. The projected installed capacity was over 70 megawatts, covering the rooftops of schools, hospitals, wharves, factories, office buildings, logistics parks, shopping malls, etc., laying the foundation for multi-industry planning.

For the conventional energy segment, the product mix optimisation undertaken by the Company's joint venture, 中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited*) ("**Zhong Hai You Qi**"), had enabled it to achieve a new breakthrough during Period 2024, with the production and sales of special lubricant products and other high value-added products reaching their highest levels since the commencement of the operations of Zhong Hai You Qi. However, due to the volatility of the prices of international crude oil (one of the raw materials used in the manufacturing process of Zhong Hai You Qi) caused by geopolitical conflicts had led to an increase in the average purchase cost of crude oil, the continued weakening of the exchange rate of the RMB against the United States dollar had increased the exchange rate risk of crude oil settlement, and the selling price adjustments of the products of Zhong Hai You Qi had failed to catch up with the increase in crude oil prices, Zhong Hai You Qi recorded losses during Period 2024 but it will strive to turn its losses into profits by the end of the year.

Investments

The Group has been rooted in the investment business for decades and has from time to time adjusted its investment strategies in accordance with the general trends of the society and the industry. During the period under review, the Group has made a good start by fully scaling down its non-performing asset investments and asset management businesses and focusing its internal resources on investments in distributed photovoltaic power generation projects and electric vehicle charging pile projects. In respect of its existing equity investment projects, the investment management team of the Group regularly reviews the latest progress of each project and pays attention to the market dynamics, so that each project can be exited at an appropriate time.

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets at FVTPL. As at 30 June 2024, the NT Trust Scheme (as defined below) was the most significant financial asset investment of the Group, the carrying value of which represented approximately 2.8% (31 December 2023: 3.0%) of the total assets of the Group. Further details of the NT Trust Scheme are set out below:

The Group has invested RMB505,000,000 (equivalent to approximately HK$553,122,000) 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 30 June 2024, the carrying value of the NT Trust Scheme as measured at FVTPL, amounted to approximately HK$211,714,000 (31 December 2023: HK$230,801,000) and accounted for approximately 2.8% (31 December 2022: 3.0%) of the total assets of the Group. Out of the loss of approximately HK$21,431,000 (six months ended 30 June 2023 ("**Period 2023**"): HK$48,037,000) recorded by the Group in the change in fair value of financial assets at FVTPL for Period 2024, a loss of approximately HK$17,393,000 (Period 2023: HK$23,846,000) was attributable to the fair value change of the NT Trust Scheme as at 30 June 2024. The Group did not receive any distribution from the NT Trust Scheme during Period 2024 (Period 2023: Nil). Based on the current investment strategy of the Group, its interest in the NT Trust Scheme is held for trading and classified as a current asset in its condensed 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 during Period 2024 was approximately HK$46,961,000, representing a decrease of approximately 9.0% as compared with that of approximately HK$51,611,000 during Period 2023. This was mainly due to the fact that the overall rates of the rental market in the area and business district in which the Group's rental property is located have continued to decline since 2023 as a result of sluggish demand, thereby lowering the transacted rental rates of the Group's new and renewed tenants during Period 2024, which led to a negative growth in the Group's rental income while the overall occupancy rate of the Group's rental property for Period 2024 remained at a level similar to that for Period 2023. The Group's revenue from this segment for Period 2024 was derived from East Gate Plaza, an investment property of the Group located in Beijing, China, consisting of apartments, shops and offices. During the period under review, in order to enhance the competitiveness of the commercial office buildings of East Gate Plaza, the

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Group's property management team, with the objective of "operate under full occupancy and stabilise the income", fully explored and analysed the feasibility of other leasing models in the market for the adoption by East Gate Plaza, and collected current key data such as rental prices, occupancy rates, property fees and commission costs of surrounding competing properties on a monthly basis to keep abreast of the market dynamics so as to facilitate the Group to achieve its targets under its property leasing segment. In terms of the rental of the apartment section of the property, the property management team of the Group upgraded and remodeled the internal and external facilities and equipment of the apartments to maintain the brand and the high-end image of East Gate Plaza, thereby enhancing the satisfaction of the Group's existing tenants and attracting new tenants for the Group.

PROSPECTS AND OUTLOOK

Entering the second half of 2024, the financial markets have high expectations that the Federal Reserve would cut the interest rate in September 2024. Should the United States start a rate-cutting cycle, it would trigger a gradual return of international capital to the emerging markets, which would provide support to the assets in the emerging markets and the capital markets. Following the introduction of a series of measures to support the real estate industry by the central government of China on 17 May 2024, various local governments actively followed up and introduced favourable policies, signaling the market to continue "destocking and stabilising the market", boosting market confidence. Nevertheless, the entire real estate industry in China is still trying to recover and stabilise itself from the market setbacks, and certain capable real estate companies have begun to exploit new development models so as to strengthen their own profit structures. Real estate and infrastructure investments, the powerful engines that drove China's economic growth in the past, have gradually reached saturation. As the Chinese government urgently needs to find new growth drivers, the "development of new productive forces" has become its new goal. What are these new productive forces? According to President Xi Jinping, they are to focus on the key areas and weak links in the construction of a modernised industrial system, increase the supply of high-quality technology, foster the development of emerging and future industries, and actively apply new technologies to transform and upgrade traditional industries. As an investment-oriented enterprise, the Company, together with its subsidiaries, will actively guide the development of their investees towards high-tech, high-efficiency and high-quality development. In addition, the Group will cultivate the new energy industry, diversify its investments into the "photovoltaics, storage and charging" business sectors, and strive to build technological leadership in the field of photovoltaic cells and components, as well as accelerate the transformation and upgrading of the products in the traditional petroleum refining industry towards fine chemicals.

FINANCIAL REVIEW

The loss attributable to the owners of the Company increased by approximately 226% from approximately HK$94,260,000 for Period 2023 to approximately HK$306,999,000 for Period 2024, and the basic loss per share attributable to ordinary equity holders of the Company increased from 4.09 HK cents for Period 2023 to 13.32 HK cents for Period 2024, mainly due to the following:

(i) the decrease in the interest income recognised on the loan receivables held by the Group from approximately HK$153,535,000 for Period 2023 to approximately HK$36,133,000 for Period 2024, as the Group has ceased to accrue interest income on certain of its loan receivables, the payments of which have been overdue for more than one year as at 30 June 2024 in accordance with the accounting policy of the Group; and

(ii) the loss of approximately HK$83,646,000 of Zhong Hai You Qi, a joint venture of the Company principally engaged in the crude oil processing business and the production and sale of petrochemical products, shared by the Group for Period 2024, as compared with its share of Zhong Hai You Qi's profit of approximately HK$50,162,000 for Period 2023, as a result of the decline in the performance of Zhong Hai You Qi during Period 2024.

Revenue

Rental income of the Group for Period 2024 amounted to approximately HK$46,961,000 (Period 2023: HK$51,611,000), which represents a decrease of approximately 9%, mainly due to the sluggish demand in the area of the Group's rental property in Period 2024, which led to a decrease in the unit rental rate per square metre.

Other income, gains and losses

The decrease in the Group's other income, gains and losses from approximately HK$158,223,000 for Period 2023 to approximately HK$38,337,000 for Period 2024 was mainly due to the decrease in the interest income recognised on the loan receivables held by the Group for Period 2024, as the Group has ceased to accrue interest income on certain of its loan receivables, the payments of which have been overdue for more than one year as at 30 June 2024 in accordance with the accounting policy of the Group.

Change in fair vale of financial assets at FVTPL

The decrease in the loss from the fair value of the financial assets at FVTPL of the Group from approximately HK$48,037,000 for Period 2023 to approximately HK$21,431,000 for Period 2024 was mainly attributable to (i) the decrease in the amount of fair value loss recognised by the Group on its major financial asset, NT Trust Scheme from approximately HK$23,846,000 for Period 2023 to approximately HK$17,393,000 for Period 2024; and (ii) the turnaround from a fair value loss of approximately HK$4,575,000 recorded by the Group on its non-performing assets portfolios for Period 2023 to a fair value gain of approximately HK$620,000 recorded by the Group for Period 2024.

Administrative expenses

The decrease in the administrative expenses of the Group from approximately HK$64,641,000 for Period 2023 to approximately HK$48,034,000 for Period 2024 was mainly due to the provision of financial guarantee liabilities written back during Period 2024, which was absent in Period 2023.

Finance costs

The increase in the finance costs of the Group from approximately HK$195,263,000 for Period 2023 to approximately HK$245,353,000 for Period 2024 was mainly due to the additional interests and related charges recorded by the Group in Period 2024.

Share of profits or losses of joint ventures

The change in the Company's share of profits or losses of joint ventures from profits of approximately HK$45,307,000 for Period 2023 to losses of approximately HK$93,949,000 for Period 2024 was mainly due to the decline in the performance of Zhong Hai You Qi (one of the Company's joint ventures) during Period 2024, which was primarily caused by the increase in the prices of crude oil (one of the raw materials used in the manufacturing process of Zhong Hai You Qi) and the depreciation of the RMB against the United States dollar.

EXCHANGE EXPOSURE

In Period 2024, the Group's principal assets, liabilities, revenue and payments were denominated in HK$, RMB and the United States dollar ("**US$**"). In the opinion of the Board, RMB will remain as a regulated currency in the foreseeable future. Although the market is generally anticipating an increased volatility in the RMB exchange rate, the Board does not expect that it will have any material adverse effect on the financial position of the Group. However, the Board will closely monitor the future development of the RMB exchange rate and will take appropriate actions as necessary.

In addition, the Board does not anticipate that there will be any material exchange exposure to the Group in respect of other currencies.

At the end of Period 2024, the Group had no material liability denominated in any foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during Period 2024.

TREASURY POLICY

The Group has adopted a conservative treasury policy under which the Group keeps its investment costs under control and manages the returns on its investments efficiently. 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 the financial status of its customers. The Board closely reviews the Group's liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

Cash Position

	As at 30 June 2024	As at 31 December 2023
	HK$'000	*$'000*
Cash and bank balances	**61,792**	57,333

The increase in the cash and bank balances of the Group from approximately HK$57,333,000 as at 31 December 2023 to approximately HK$61,792,000 as at 30 June 2024 was mainly due to the receipt of repayment proceeds in relation to the loan receivables by the Group during Period 2024. The cash and bank balances of the Group as at 30 June 2024 were mainly denominated in RMB.

As at 30 June 2024, the Group's cash and bank balances were denominated in the following currencies:

	As at 30 June 2024	As at 31 December 2023
HK$	**9.5%**	5.0%
RMB	**90.5%**	94.7%
US$	**0.0%**	0.3%
	100.0%	100.0%

The Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK$ and US$. The conversion of RMB into HK$, US$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK$, US$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

Working Capital and Borrowings

As at 30 June 2024, the Group's total borrowings amounted to approximately HK$3,508,877,000 in aggregate. The composition of these borrowings is summarised below:

	As at 30 June 2024 *HK$'000*	As at 31 December 2023 *$'000*
Short term borrowings	**3,468,351**	3,485,049
Long term borrowings	**40,526**	66,887
Total borrowings	**3,508,877**	3,551,936
Less: cash and bank balances	**61,792**	57,333
Net borrowings	**3,447,085**	3,494,603

Interests for all borrowings of the Group for Period 2024 were charged at fixed and floating rates ranging from 3.7% per annum to 27.6% per annum (Period 2023: 3.6% per annum to 27.6% per annum).

As at 30 June 2024, the long and short term borrowings of the Group which remained outstanding were denominated as follows:

	As at 30 June 2024 *HK$'000*	As at 31 December 2023 *$'000*
RMB	**3,508,877**	3,551,936

As at 30 June 2024, the long and short term borrowings of the Group which remained outstanding carried fixed and floating interest rates as follows:

	As at 30 June 2024 *HK$'000*	As at 31 December 2023 *$'000*
Fixed interest rates	**1,438,149**	1,456,876
Floating interest rates	**2,070,728**	2,095,060
	3,508,877	3,551,936

As at 30 June 2024, the maturity profile of the long and short term borrowings of the Group was as follows:

	As at 30 June 2024 *HK$'000*	As at 31 December 2023 *$'000*
Bank loans repayable:		
Within one year or on demand	**153,888**	161,700
In the second year	**7,667**	33,775
In the third to fifth years, inclusive	**–**	–
	161,555	195,475
Other loans repayable:		
Within one year or on demand	**3,314,463**	3,323,349
In the second year	**–**	–
In the third to fifth years, inclusive	**32,859**	33,112
	3,347,322	3,356,461
	3,508,877	3,551,986

As at 30 June 2024, the gearing ratio (calculated as total borrowings over equity attributable to owners of the Company) and the current ratio (calculated as current assets over current liabilities) of the Group were 126% (31 December 2023: 114%) and 0.8x (31 December 2023: 0.8x), respectively. These ratios are key performance indicators used by the management of the Group to measure the Group's level of leverage to ensure the Group has the liquidity to meet its financial obligations at all times. The Group will strive to improve its liquidity by expediting its collection of outstanding loan receivables and disposal of financial asset investments (including equity investments and non-performing assets portfolio) which will bring a reasonable return to the Group.

As at 30 June 2024, the Group had cash and bank balances of approximately HK$62 million, and interest-bearing bank and other borrowings with an aggregate carrying amount of approximately HK$3,468 million which were due to be repaid within 12 months from the end of the reporting period, including (i) borrowing of approximately HK$194 million which has not been repaid according to the scheduled repayment date before the end of the reporting period; and (ii) borrowings of approximately HK$2,825 million with original maturity dates of over one year from the end of the reporting period, which have been reclassified to current liabilities due to the delay in the payment of interest of certain borrowings. In June 2024, a court order in the Chinese Mainland has been issued to freeze certain bank balances and other assets of the Group due to the non-payment of the Overdue Other Borrowings. Up to the date of approval of this announcement, except for the Overdue Other Borrowings, the Group has not received any demand for immediate repayment of its bank and other borrowings. As at the date of approval of this announcement, the Group has been actively liaising with the lender for settlement of the court order in relation to the Overdue Other Borrowings and negotiating with the relevant lenders for extension of the repayment date of certain of the other aforesaid borrowings. In addition, on 27 June 2024, the Company and Guangdong Zhuguang Group Company Limited* (廣東珠光集團有限公司) ("**Guangdong Zhuguang**"), an independent third party, entered into a loan assignment agreement ("**Loan Assignment Agreement**"), pursuant to which the Company has agreed to sell and transfer, and Guangdong Zhuguang has agreed to purchase from the Company all the rights, title, benefits and interests of the Company to, in and under the loan agreements ("**Loan Agreements**") entered into between the Company together with six of its wholly-owned subsidiaries as lenders and a total of 54 independent third party borrowers (including but not limited to the loans ("**Loans**") with total outstanding principal amount and interest of approximately RMB2,201 million (equivalent to approximately HK$2,429 million) as at 31 December 2023 advanced by the Group under the Loan Agreements and all security created thereunder) accruing thereto from 1 January 2024 ("**Loan Interest**"), whereas the consideration shall be satisfied by Guangdong Zhuguang by (i) entering into a deed of novation to assume the obligations of East Gate (Beijing) Property Management Co., Ltd.* (東環(北京)物業管理有限公司), a wholly-owned subsidiary of the Company, under two entrusted loan agreements ("**Entrusted Loan Agreements**") (including but not limited to the repayment obligation of the underlying entrusted loans ("**Entrusted Loans**") in the aggregate outstanding principal amount of approximately RMB1,880 million

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(equivalent to approximately HK$2,075 million), the release of all existing charges, guarantee and pledge of shares, and the provision of new charge(s), guarantee and/or pledge of shares pursuant to the requests of the entrusting party and the lender, if required) ("**Debt Novation**"); and (ii) assignment of certain car parking spaces located in the Guangdong province of the PRC ("**Target Properties**"), at completion of the transactions ("**Transactions**") contemplated under the Loan Assignment Agreement ("**Completion**"). Completion is conditional upon and subject to, among others, the passing by the independent shareholders of the Company at an extraordinary general meeting to be convened by the Company of all necessary resolution(s) to approve the Loan Assignment Agreement and the Transactions. The Transactions, if materialised, would provide a good opportunity to the Group to substantially recover a large portion of the outstanding amount owed to the Group under the Loan Agreements within a foreseeable timeframe and in a relatively short period of time, thereby minimising the uncertainty and the credit risks associated with the Loan Interest and the administrative costs to be incurred by the Group for collecting the outstanding Loan Interest, and the Debt Novation would provide a good opportunity for the Group to settle the Entrusted Loans as the rights and liabilities of the Group under the Entrusted Loan Agreements would be discharged. The transfer of the Target Properties to the Group would allow the Group to enlarge and diversify its investment properties portfolio with high quality assets, as well as to strengthen the income base of the Group and to generate stable cash flows to the Group. Further details of the Loan Assignment Agreement and the Transactions are set out in the announcements of the Company dated 27 June 2024 and 31 July 2024.

In view of the above circumstances, the Directors have given careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing in assessing the Group's ability to continue operating as a going concern. The following plans and measures are formulated to manage the working capital and improve the financial position of the Group:

(i) the Group will continue to implement measures for the disposal of the outstanding loan receivables and loan interest receivables;

(ii) the Group will continue to take measures to expedite the disposal of financial asset investments, including equity investments and non-performing assets portfolio;

(iii) the Group will continue its negotiations with the lenders of certain bank and other borrowings or other financial institutions on the settlement and/or refinancing of the borrowings; and

(iv) the Group will obtain additional credit facilities from existing and other lenders as and when needed.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements of the Group on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend on (i) the successful settlement of the court order in relation to the Overdue Other Borrowings; (ii) the successful and timely implementation of the plans and measures for the disposal of financial asset investments, outstanding loan receivables and loan interest receivables; (iii) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings; and (iv) the successful obtaining of new sources of financing as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying 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 the Company's unaudited condensed consolidated financial statements for Period 2024 set out in this announcement.

PLEDGE OF ASSETS

As at 30 June 2024, the Group pledged certain investment properties with an aggregate carrying value of approximately HK$2,044,907,000 (31 December 2023: HK$2,078,366,000), to secure general banking facilities granted to the Group, other loans and other payables to an independent third party.

COMMITMENTS

As at 30 June 2024, the Group had capital expenditures contracted for but not provided for in its unaudited condensed consolidated financial statements in respect of the purchase of property, plant and equipment of approximately HK$2,408,000 (31 December 2023: nil). It is expected that the capital expenditures will be settled by cash through internal resources of the Group.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group provided corporate guarantees of approximately HK$2,351,848,000 (31 December 2023: HK$2,839,041,000) in respect of the loans granted to a joint venture of the Company.

CAPITAL STRUCTURE

As at 30 June 2024, the shareholders' fund of the Company was approximately HK$2,792,489,000, representing a decrease of approximately HK$327,303,000 or approximately 10%, as compared to that of approximately HK$3,119,792,000 as at 31 December 2023. The decrease was mainly contributed by (i) the loss attributable to the owners of the Company for Period 2024; and (ii) the exchange loss arising from the translation of foreign operation charged to exchange translation reserve due to the depreciation of the RMB against HK$ during Period 2024.

HUMAN RESOURCES

As at 30 June 2024, the Group employed 53 employees (31 December 2023: 55 employees) in Hong Kong and in the PRC. Total employee benefit expenses for Period 2024 were approximately HK$23,173,000, as compared to those of approximately HK$29,627,000 for Period 2023.

During Period 2024, the Group offered its employees competitive remuneration packages, which were consistent with the prevailing market practices in the relevant jurisdictions. The remuneration package for each employee of the Group contains a combination or modification of some or all of the following four main components: (i) basic salary; (ii) incentive bonus; (iii) share options (no share option scheme of the Company is in force as at the date of this interim results announcement); and (iv) other benefits, such as statutory retirement scheme and medical insurance. Incentive bonus and share options for each employee are determined with reference to the employee's position, performance and ability to contribute to the overall success of the Group. The Group's remuneration policies remained unchanged during Period 2024. The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. As the Group views career development as an important aspect of its employees, ongoing training has been provided to its employees according to the needs of the Group during Period 2024.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (Period 2023: nil).

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in the interests of its shareholders ("**Shareholders**").

Except for the deviations specified below, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code ("**Code**") contained in Part 2 of Appendix C1 to the Listing Rules throughout Period 2024.

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period under review, the Company did not have a separate chairman and chief executive officer as Mr. Chu Hing Tsung ("**Mr. Chu**") assumed both the roles of the chairman ("**Chairman**") and one of the co-chief executive officers of the Company. The Board believes that vesting both the roles of chairman and 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 Code stipulates that the chairman of the board should attend the annual general meeting of the company. Mr. Chu, the Chairman, was unable to attend the annual general meeting of the Company held on 26 June 2024 ("**AGM**") due to his other engagement. Mr. Chu will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

Pursuant to Code Provision B2.4(b) of the Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. As at the date of the AGM, all the independent non-executive Directors, namely, Mr. Liang Qing, Mr. Zhang Lu and Mr. Hung Muk Ming, had served more than nine years on the Board. However, the Company was unable to appoint a new independent non-executive Director to the Board at the AGM as it was still in the course of identifying a suitable candidate then. The Company will publish further announcement(s) when the relevant appointment is made.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix C3 to the Listing Rules.

On specific enquiries made, all Directors confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during Period 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY' S LISTED SECURITIES

During Period 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

INTERIM FINANCIAL REPORT

The interim report of the Company for Period 2024 will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.silvergrant.com.cn) in due course.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Hung Muk Ming, Mr. Liang Qing and Mr. Zhang Lu. Mr. Hung Muk Ming is the chairman of the Audit Committee.

The unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee.

APPRECIATION

The Board would like to express its appreciation and gratitude to the Shareholders for their support and all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goals.

On behalf of the Board
Silver Grant International Holdings Group Limited
Chu Hing Tsung
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Hong Kong, 28 August 2024

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