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SILVER GRANT INTERNATIONAL HOLDINGS GROUP LIMITED
銀建國

(I) VERY SUBSTANTIAL DISPOSAL **GKv:76n79kv5ncmBqBxIKZ**



As the highest applicable percentage ratio in respect of the transfer of the Target Properties under Rule 14.07 of the Listing Rules exceeds 100%, the transfer of the Target Properties constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened for the Shareholders to consider and, if thought fit, to approve the Loan Assignment Agreement and the Transactions. Voting by the Shareholders at the EGM will be taken by poll. To the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Loan Assignment Agreement and the Transactions and therefore, no Shareholder is required to abstain from voting on the proposed resolution(s).

THE LOAN ASSIGNMENT AGREEMENT

The principal terms of the Loan Assignment Agreement are summarised below:

Date: 27 June 2024

Parties: (a) the Company; and
(b) Guangdong Zhuguang

Subject matter: The Company has agreed to assign, and Guangdong Zhuguang has agreed to purchase from

The Consideration was arrived at after arm's length negotiations between the Company and Guangdong Zhuguang, having considered (i) the outstanding principal and interests owed by the Borrowers under the Loan Agreements; (ii) the possibility of recovery of the Loan Interest, taking into account, among others, the presence of indicators suggest that the Borrowers are unable to fully and promptly repay the outstanding principal and accrued interest as outlined in the Loan Agreements, as evidenced by the overdue status of the Loan Interest; (iii) the preliminary appraised valuation of the Target Properties to be not less than RMB320 million (equivalent to approximately HK\$353 million as at the date of this announcement); (iv) the time and costs that are expected to be incurred by the Group if the Company takes legal action against the Borrowers to recover the non-performing loans under the Loan Agreements; (v) the reduction of liabilities under the Entrusted Loans with an aggregate principal amount of approximately HK\$2,075 million as at 31 December 2023 and associated interest expenses of the Group under the Entrusted Loan Agreements since 21 December 2023; and (vi) the current global circumstances and uncertainties in the economic outlook.

The Board is of the view that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Loan Assignment Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the passing by the Independent Shareholders at the EGM of all necessary resolution(s) to approve the Loan Assignment Agreement and the Transactions;
- (2) all necessary consents and approvals to be obtained on the part of the Company and the Lenders in respect of the Disposal, the transfer of the Target Properties and the Debt Novation having been obtained, and such consents and approvals remain valid and not being revoked;
- (3) all necessary consents and approvals to be obtained on the part of Guangdong Zhuguang in respect of the Disposal, the transfer of the Target Properties and the Debt Novation having been obtained, and such consents and approvals remain valid and not being revoked;

- (4) all necessary consents and approvals to be obtained on the part of Beijing East Gate in respect of the Debt Novation (including but not limited to the obtaining of the written consent from the principal lender and the entrusting party under the Entrusted Loans), and such consents and approvals remain valid and not being revoked;
- (5) the Company is satisfied with the results of the due diligence in respect of the Target Properties;
- (6) the representations and warranties stated in the Loan Assignment Agreement in respect of Guangdong Zhuguang remaining true, accurate and not misleading in all material respects, and there being no events, facts or circumstances that constitute or may constitute a breach of the representations or warranties in the Loan Assignment Agreement;
- (7) the obtaining of a valuation report (in the form and substance satisfactory to the Company) issued by an independent valuer appointed by the Company showing that the valuation of the Target Properties to be not less than RMB320,000,000 within three (3) months prior to the date of the Loan Assignment Agreement;
- (8) the completion of the assignment of the Target Properties as agreed and all contracts/agreements contemplated thereunder having become effective; and
- (9) the completion of the Debt Novation as agreed and all contracts/agreements contemplated thereunder having become effective.

Save for conditions (5) and (6) above, which can be waived by the Company in writing from time to time, none of the conditions above can be waived. If the conditions set out above have not been satisfied (or waived by the Company or Guangdong Zhuguang, as the case may be) on or before the Long Stop Date, or such later date as the Company and Guangdong Zhuguang may agree in writing, the Loan Assignment Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on a date falling within five Business Days after the day on which all conditions precedents under the Loan Assignment Agreement have been satisfied (or waived, as the case may be) (or such other date as the Company and Guangdong Zhuguang may agree in writing). Prior to the Consideration being satisfied in full by Guangdong Zhuguang, the rights and interests relating to the Loan Interest shall be enjoyed by the Company. On the basis that the Consideration is satisfied in full by Guangdong Zhuguang, all rights and interests relating to the Loan Interest from 1 January 2024, being the reference date, shall be enjoyed by Guangdong Zhuguang. Upon Completion, all rights, interests, title and benefits in and to the Loan Interest will be assigned to Guangdong Zhuguang and the Company shall procure Guangdong Zhuguang and each Lender to execute a deed of assignment, pursuant to which each Lender shall assign all its Loan Interest to Guangdong Zhuguang.

Prior to the Consideration being satisfied in full by Guangdong Zhuguang, the interest expenses under the Entrusted Loans shall be borne by the Company. On the basis that the Consideration is satisfied in full by Guangdong Zhuguang, all obligations, liabilities and interest expenses relating to the Entrusted Loans from 21 December 2023, being the reference date, shall be borne by Guangdong Zhuguang. Upon Completion, all obligations, liabilities and interest expenses under the Entrusted Loans will be assigned to Guangdong Zhuguang and the Company shall procure Guangdong Zhuguang and Beijing East Gate to execute the Deed of Novation.

INFORMATION ON THE LOAN INTEREST

As at the date of this announcement, the Loan Interest comprises 54 loans advanced from the Lenders to a total of 54 borrowers, 52 borrowers of which are in the PRC and 2 borrowers of which are in Hong Kong, and all 54 loans are unsecured. Except for five Loans with the total outstanding principal amount and interest of approximately HK\$97 million as at 31 December 2023, all other forty-nine Loans with the total outstanding principal amount and interest of approximately HK\$2,332 million as at 31 December 2023 are overdue. The interest rate of the Loans ranges from 15% per annum to 20% per annum.

As at 31 December 2023, the aggregate outstanding principal amount and interest under the loan agreement of the Loan Interest amounted to approximately RMB2,201 million (equivalent to approximately HK\$2,429 million).

The Lenders comprise of the Company and its wholly owned subsidiaries, including (i) Silver Grant International Finance; (ii) Silver Grant International Guangzhou; (iii) Yinjian Energy Trading; (iv) Beihai Mao Yuan; (v) Beijing East Gate; and (vi) Taizhou Yinjian. Save for Silver Grant International Finance, a company incorporated in Hong Kong with limited liability, all other Lenders are companies established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Borrowers and its ultimate

INFORMATION ON THE DEBT NOVATION AND THE ENTRUSTED LOANS

On 6 July 2021, Beijing East Gate as borrower, the Zhihang branch of Bank of Guangzhou Company Limited* (), a bank in the PRC (the "**Bank**") as lender, and Guangzhou Chengtou Investment Company Limited* (), a PRC financial institution (the "**PRC Institution A**") as entrusting party have entered into an entrusted loan agreement (as amended and supplemented by a supplemental entrusted loan agreement on even date) (the "**Entrusted Loan Agreement A**"), pursuant to which, among others, the Bank has agreed to provide an entrusted loan with the original principal amount of RMB1,880 million (the "**Entrusted Loan A**") to Beijing East Gate. On even date, the PRC Institution A and Beijing East Gate have entered into guarantee agreements with each of (i) Guangdong Zhuguang, (ii) the Company, and (iii) Mr. Chu, pursuant to which, among others, each of (i) Guangdong Zhuguang, (ii) the Company, and (iii) Mr. Chu has agreed to provide joint liability guarantee of not more than the total amount of the Entrusted Loan A and the corresponding interest, liquidated damages, damages compensation and relevant fees paid by the Bank for realising its rights. The Entrusted Loan A is also secured by (i) the pledge of certain investment properties (the "**Charged Properties**") owned by Beijing East Gate located in Beijing, the PRC; and (ii) the pledge of the entire issued share capital in Beijing East Gate held by Silver Grant International Investment Management Limited, an indirect wholly-owned subsidiary of the Company. As at 31 December 2023, the outstanding principal amount of the Entrusted Loan A amounted to approximately RMB1,780 million (equivalent to approximately HK\$1,965 million).

As at 31 December 2023, the Charged Properties with a carrying amount of approximately HK\$1,069 million owned by Beijing East Gate were pledged under the Entrusted Loan Agreement A. Upon Completion, all conditions precedents under the Loan Assignment Agreement shall be satisfied (or waived, as the case may be). On the basis that the Consideration is satisfied in full by Guangdong Zhuguang, all existing charges, guarantee and pledge of shares, including the pledge of the Charged Properties and the entire issued share capital in Beijing East Gate held by Silver Grant International Investment Management Limited, will be released under the Deed of Novation.

On 6 July 2021, Beijing East Gate as borrower, the Bank as lender, and Guangzhou Chengtou Jiapeng Industrial Investment Fund Management Company Limited* (), a PRC financial institution (the "**PRC Institution B**") as entrusting party have entered into an entrusted loan agreement (the "**Entrusted Loan Agreement B**"), pursuant to which, among others, the Bank has agreed to provide an entrusted loan with the original principal amount of approximately RMB100 million (the "**Entrusted Loan B**") to Beijing East Gate. On even date, the PRC Institution B and Beijing East Gate have entered into guarantee agreements with each of (i) Guangdong Zhuguang and (ii) Mr. Chu, pursuant to which, among others, each of (i) Guangdong Zhuguang and (ii) Mr. Chu has agreed to provide joint liability guarantee of not more than the total amount of the Entrusted Loan B and the corresponding interest, liquidated damages, damages compensation and relevant fees paid by the Bank for realising its rights. The Entrusted Loan B is also secured by the Charged Properties. As at 31 December 2023, the outstanding principal amount of the Entrusted Loan B amounted to approximately RMB100 million (equivalent to approximately HK\$110 million).

As at 31 December 2023, the aggregate outstanding principal amount of the Entrusted Loans was approximately RMB1,880 million (equivalent to approximately HK\$2,075 million) and the outstanding interest accrued thereon amounted to approximately RMB4 million (equivalent

As disclosed in the annual report of Zhuguang Holdings for the year ended 31 December 2023, Guangdong Zhuguang was considered a related party of Zhuguang Holdings as Mr. Liao was considered to have significant influence in Guangdong Zhuguang. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mr. Liao was considered to have significant influence in Guangdong Zhuguang on the basis that he has been a consultant to Guangdong Zhuguang. As such, Guangdong Zhuguang was regarded as a related party of Zhuguang Holdings under the applicable accounting standards adopted by Zhuguang Holdings in the preparation of its consolidated financial statements.

Save as disclosed above, the Directors confirmed that there are no other relationship and no underlying arrangements between the Group and Guangdong Zhuguang.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Company considered that Guangdong Zhuguang and its ultimate beneficial owners are Independent Third Parties on the basis that (i) Mr. Liao is not a director of the Company; (ii) Mr. Liao is not interested in any shares of Guangdong Zhuguang; (iii) Mr. Liao is not a director of Guangdong Zhuguang; (iv) Mr. Liao does not participate in the Transactions; and (v) Guangdong Zhuguang was regarded as a related party of Zhuguang Holdings under the applicable accounting standards adopted by Zhuguang Holdings in the preparation of its consolidated financial statements.

FINANCIAL EFFECTS OF THE TRANSACTIONS

In respect of the Disposal

The Loan Interest has contributed interest income of approximately HK\$262 million /HPD\$5c\$cTdRitsMTJ

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Upon Completion, it is expected that the Group shall recognise a gain of approximately HK\$509 million based on the difference between (i) approximately HK\$2,411 million being the total of the aggregate carrying amount of the Entrusted Loans of approximately HK\$2,058 million as at 31 December 2023 and the fair value of the Target Properties of approximately HK\$353 million; and (ii) the carrying amount of the Loan Interest of approximately HK\$1,902 million as at 31 December 2023.

In respect of the transfer of Target Properties and the Debt Novation

Interest Expenses

The Group incurred interest expenses of approximately HK\$166 million per year under the Entrusted Loans. Upon Completion, the Group shall no longer incur interest expenses under the Entrusted Loans.

Investment Properties

Upon Completion, the Target Properties will become part of the investment properties of the Group. The preliminary appraised valuation of the Target Properties was not less than RMB320 million (equivalent to approximately HK\$353 million) as at the date of this announcement. It is expected that the non-current assets of the Group will be increased by at least the same amount.

The Entrusted Loans were accounted for as a financial liability of the Group with an aggregate carrying amount of approximately HK\$2,058 million as at 31 December 2023. Upon Completion, the repayment obligation of the Entrusted Loans shall be transferred to Guangdong Zhuguang. It is expected that the total liabilities of the Group will be decreased by the same amount.

Hence, each of the total assets and total liabilities will be reduced by approximately HK\$1,549 million and HK\$2,058 million, respectively, and the net assets of the Group will be increased by approximately HK\$509 million.

The aforesaid estimation, including the gain from the Disposal, is for illustrative purpose only and does not purport to represent the financial position of the Group after Completion. Shareholders should note that the actual financial effect to be recorded by the Company is subject to review and further audit procedures by the auditors of the Company and may be different from the estimation stated herein.

REASONS FOR AND BENEFITS OF THE LOAN ASSIGNMENT AGREEMENT AND THE TRANSACTIONS

The Group is principally engaged in property leasing and investments. As stated in the annual report of the Company for the year ended 31 December 2023, the Group has been striving to improve its financial position by continuing to implement measures to speed up the timing of collection of outstanding loan receivables and interest receivables, as well as expedite the disposal of financial asset investments, including equity investments and non-performing assets portfolio.

As stated above, as at 31 December 2023, the aggregate outstanding principal amount and interest under the Loan Agreements amounted to approximately RMB2,201 million (equivalent to approximately HK\$2,429 million), all of which are unsecured. Except for five Loans with the total outstanding principal amount and interest of approximately HK\$97 million as at 31 December 2023, all other forty-nine Loans with the total outstanding principal amount and interest of approximately HK\$2,332 million as at 31 December 2023 are overdue.

Thus, the Transactions, if materialised, would provide a good opportunity to the Group to substantially recover a large portion of the outstanding amount owed 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 provides a good opportunity for the Group to settle the Entrusted Loans as the rights and liabilities of the Group under the Entrusted Loan Agreements will be discharged. The transfer of the Target Properties to the Company allows 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.

Having regard to the reasons for and benefits of the Disposal, the Board is of the view that the terms of the Loan Assignment Agreement, which have been reached after arm's length negotiations between the parties, and the Transactions are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under Rule 14.07 of the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transfer of the Target Properties under Rule 14.07 of the Listing Rules exceeds 100%, the transfer of the Target Properties constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened for the Shareholders to consider and, if thought fit, to approve the Loan Assignment Agreement and the Transactions. Voting by the Shareholders at the EGM will be taken by poll. To the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Loan Assignment Agreement and the Transactions and therefore, no Shareholder is required to abstain from voting on the proposed resolution(s) approving the Loan Assignment Agreement and the Transactions at the EGM.

A circular containing, amongst other things, (i) further information in relation to the Loan Assignment Agreement and the Transactions; (ii) the valuation report of the Target Properties; and (iii) the notice of the EGM and the proxy forms will be despatched to the Shareholders on or before 31 July 2024 in order to allow sufficient time for the Company to prepare the necessary financial information to be included in the circular.

Completion is subject to and conditional upon the fulfilment of the terms and conditions precedent set out in the Loan Assignment Agreement and the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"Beihai Mao Yuan"	Beihai Mao Yuan Investment Co., Limited* (), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Beijing East Gate"	East Gate (Beijing) Property Management Co., Ltd.* (), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, being the borrower under the Entrusted Loan Agreement
"Board"	the board of Directors
"Borrowers"	a total of 54 borrowers under the respective Loan Agreements, all of which are Independent Third Parties
"Business Day"	a day on which the Stock Exchange is open for transaction of business

“Company”	Silver Grant International Holdings Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Transactions in accordance with the terms and conditions of the Loan Assignment Agreement
“Completion Date”	on a date falling within five Business Days after the day on which all conditions precedents under the Loan Assignment Agreement have been satisfied (or such other date as the Company and Guangdong Zhuguang may agree in writing)
“Consideration”	RMB2,200 million (equivalent to approximately HK\$2,428 million), being the total consideration to be satisfied by Guangdong Zhuguang to the Company in accordance with the terms and conditions of the Loan Assignment Agreement
“Debt Novation”	the novation of all obligations and liabilities of Beijing East Gate under the Entrusted Loan Agreements to Guangdong Zhuguang upon Completion
“Deed of Novation”	the deed of novation to be entered into by Guangdong Zhuguang in relation to the Debt Novation
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Loan Interest by the Company to Guangdong Zhuguang pursuant to the Loan Assignment Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Loan Assignment Agreement and the Transactions
“Entrusted Loan Agreements”	collectively, Entrusted Loan Agreement A and Entrusted Loan Agreement B
“Entrusted Loans”	collectively, Entrusted Loan A and Entrusted Loan B
“Group”	the Company and its subsidiaries
“Guangdong Zhuguang”	Guangdong Zhuguang Group Company Limited* (), a company established in the PRC with limited liability, the ultimate beneficial owners of which are Mr. Xie Bingzhao* () and Mr. Zhu Geliang* ()

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders and/or their respective associates who are entitled to vote at the EGM and are not required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party (ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules
“Lender(s)”	collectively, (i) the Company; (ii) Silver Grant International Finance; (iii) Silver Grant International Guangzhou; (iv) Yinjian Energy Trading; (v) Beihai Mao Yuan; (vi) Beijing East Gate; and (vii) Taizhou Yinjian, each a Lender
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	each loan advanced by the Lenders to the Borrowers pursuant to the Loan Agreements and to be transferred and assigned to Guangdong Zhuguang upon Completion
“Loan Agreement(s)”	each loan agreement entered into between respective Lenders as lender and respective Borrowers as borrower during the period from March 2021 to December 2023 in relation to the Loans
“Loan Assignment Agreement”	the Loan Assignment Agreement dated 27 June 2024 entered into between the Company and Guangdong Zhuguang in relation to the Transactions
“Loan Interest”	all the rights, title, benefits and interests of the Company to, in and under the Loan Agreements (including but not limited to the Loans and all security created thereunder) accruing thereto from 1 January 2024 upon the terms and conditions set out in the Loan Assignment Agreement
“Long Stop Date”	31 December 2024 (or such other date as the Company and Guangdong Zhuguang may agree)

“MOU”	the memorandum of understanding dated 18 March 2024 entered into between the Company and Guangdong Zhuguang in relation to the Disposal, the transfer of the Target Properties and the Debt Novation
“Mr. Chu”	Mr. Chu Hing Tsung (alias Zhu Qing Yi), the Chairman, executive Director and Co-Chief Executive Officer of the Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with no par value of the Company
“Shareholder(s)”	holder(s) of the Shares
“Silver Grant International Finance”	Silver Grant International Finance Company Limited* (), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company
“Silver Grant International Guangzhou”	Silver Grant International Holding (Guangzhou) Co., Limited* (), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taizhou Yinjian”	Taizhou Yinjian Energy Investment Co., Limited* (), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Properties”	the target properties situated at Guangdong Province, the PRC, details of which are set out in the section headed “Information on the Target Properties” in this announcement
“Transactions”	the transactions contemplated under the Loan Assignment Agreement, including the Disposal, the transfer of Target Properties and the Debt Novation
“Yinjian Energy Trading”	Yinjian Energy Trading (Guangzhou) Co., Limited* (), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

"Zhuguang Holdings"

Zhuguang Holdings Group Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1176), a substantial shareholder of the Company

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By order of the Board

Silver Grant International Holdings Group Limited

Chu Hing Tsung

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Hong Kong, 27 June 2024

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