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中國白銀集團
CHINA SILVER GROUP
CHINA SILVER GROUP LIMITED

中國白銀集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 815)

PROFIT WARNING

This announcement is made by China Silver Group Limited (the “Company”, together with its subsidiaries, collectively, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2015 (“FY2015”), the Group is expected to record an annual consolidated net loss attributable to equity shareholders of the Company for FY2015 of an amount in the range of RMB15 million to RMB35 million, whereas the Group recorded a net profit attributable to equity shareholders of the Company for the year ended 31 December 2014 (“FY2014”) of RMB248,340,000 million. The expected decline in the consolidated net profit is mainly attributable to, including but not limited to:

- (i) the decrease in gross profit of the smelting business due to further decline in international silver price throughout FY2015 and the initial adoption of the new environmental laws by the government of the People’s Republic of China (“PRC”);
- (ii) the increase in non-cash share option expense of approximately RMB45 million;
- (iii) the significant increase in operating costs in the O2O business during the early rapid development stage;

- (iv) the non-recurring expenses of approximately RMB26 million incurred for acquisitions and fund-raising activities in FY2015; and
- (v) the absence of one-off tax reversal of approximately RMB19 million recorded in FY2014.

Notwithstanding the expected decline in its consolidated net profit for FY2015, the Group remains confident in its current business strategy to become a leading vertically-integrated silver enterprise in the PRC. The Board considers the Group is in a critical transformation period, especially considering the rapid growth experienced by the O2O business and the newly acquired silver exchange business of Shanghai White Platinum & Silver Exchange*, its initial investments will bring positive results in coming years.

The Company is still in the process of finalising its annual results for FY2015. Detailed financial information and performance of the Group for FY2015 will be disclosed in the Company's annual results announcement for FY2015 which is expected to be published by the end of March 2016. The information contained in this announcement is only based on the Company's preliminary review of the unaudited consolidated management accounts of the Group, which have not been reviewed or confirmed by the Company's auditor or audit committee and may be subject to adjustments.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

By order of the Board
China Silver Group Limited
Sung Kin Man
*Chief Executive Officer and
Executive Director*

5 February 2016, Hong Kong

As at the date of this announcement, the executive directors are Mr. Chen Wantian, Mr. Sung Kin Man, Mr. Song Guosheng, and Mr. Chen Guoyu; and the independent non-executive directors are Mr. Guo Bin, Mr. Song Hongbing, Dr. Li Haitao and Dr. Zeng Yilong.

* *For identification purposes only*