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中國白銀集團
CHINA SILVER GROUP

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

Beginning of the Jewellery Cloud Computing Era

Annual Report 2015

Contents

Corporate Information

Executive directors
Chen Wantian (陳萬天)
Sung Kin Man (宋建文)[(1)]
Song Guosheng (宋國生)
Chen Guoyu (陳國裕)

Independent non-executive directors
Guo Bin (郭斌)[(1)]
Song Hongbing (宋鴻兵)[(2)]
Li Haitao (李海濤)
Zeng Yilong (曾一龍)
Jiang Tao (姜濤)[(3)]

Audit committee
Zeng Yilong (Chairman)
Song Hongbing[(2)]
Li Haitao
Jiang Tao[(3)]

Remuneration committee
Li Haitao (Chairman)
Chen Wantian
Song Hongbing[(2)]
Jiang Tao[(3)]

Nomination committee
Chen Wantian (Chairman)
Song Hongbing[(2)]
Li Haitao
Jiang Tao[(3)]

Company secretary
Moy Yee Wo, Matthew (梅以和), HKICPA

Authorised representatives
Chen Wantian
Moy Yee Wo, Matthew

Cayman Islands share registrar and transfer office
Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Hong Kong share registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Registered office
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters in the PRC
Rm 5A & 6 Floor
Baolin International Gold Trade Center
2nd Building, 3 Shuitian Second Street
Shuibei, Louhu District
Shenzhen, PRC

Place of business in Hong Kong
Unit 2602, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Company's website
www.chinasilver.hk

Place of listing and stock code
The Stock Exchange of Hong Kong Limited
815

Principal bankers
Bank of Ganzhou
Agricultural Bank of China

Auditor
Deloitte Touche Tohmatsu
Certified Public Accountants

Legal advisors
Hong Kong law:
Chiu & Partners

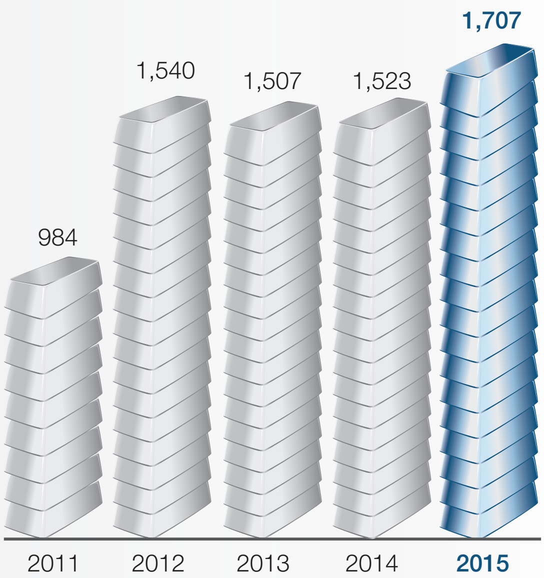
Cayman Islands law:
Conyers Dill & Pearman

Investors and media relations
Hill and Knowlton Strategies

(1) Appointed with effect from 30 April 2015
(2) Appointed with effect from 28 December 2015
(3) Resigned with effect from 28 December 2015

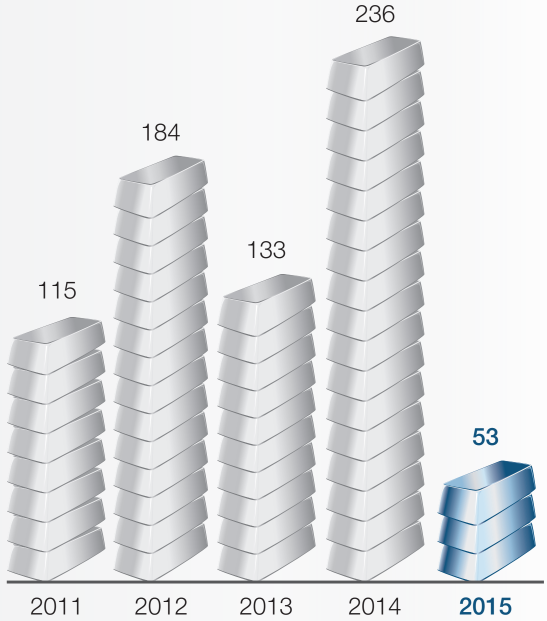
Consolidated Revenue

RMB million



Adjusted Profit Attributable to Owners of the Company*

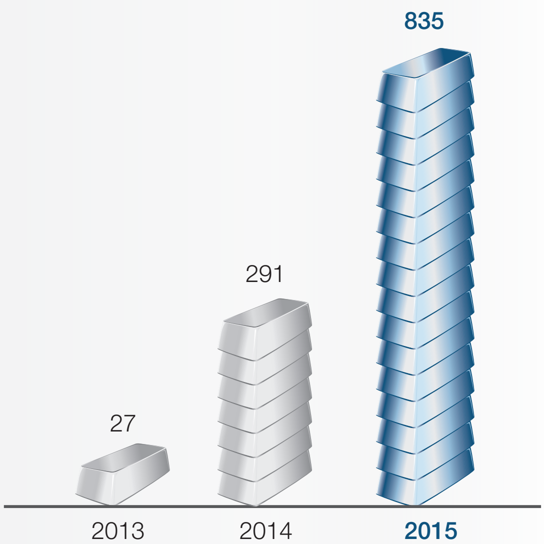
RMB million



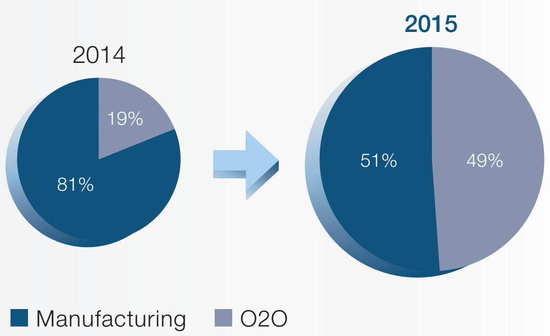
* Excluding non-cash share option expenses and one-off items

Revenue from O2O Segment

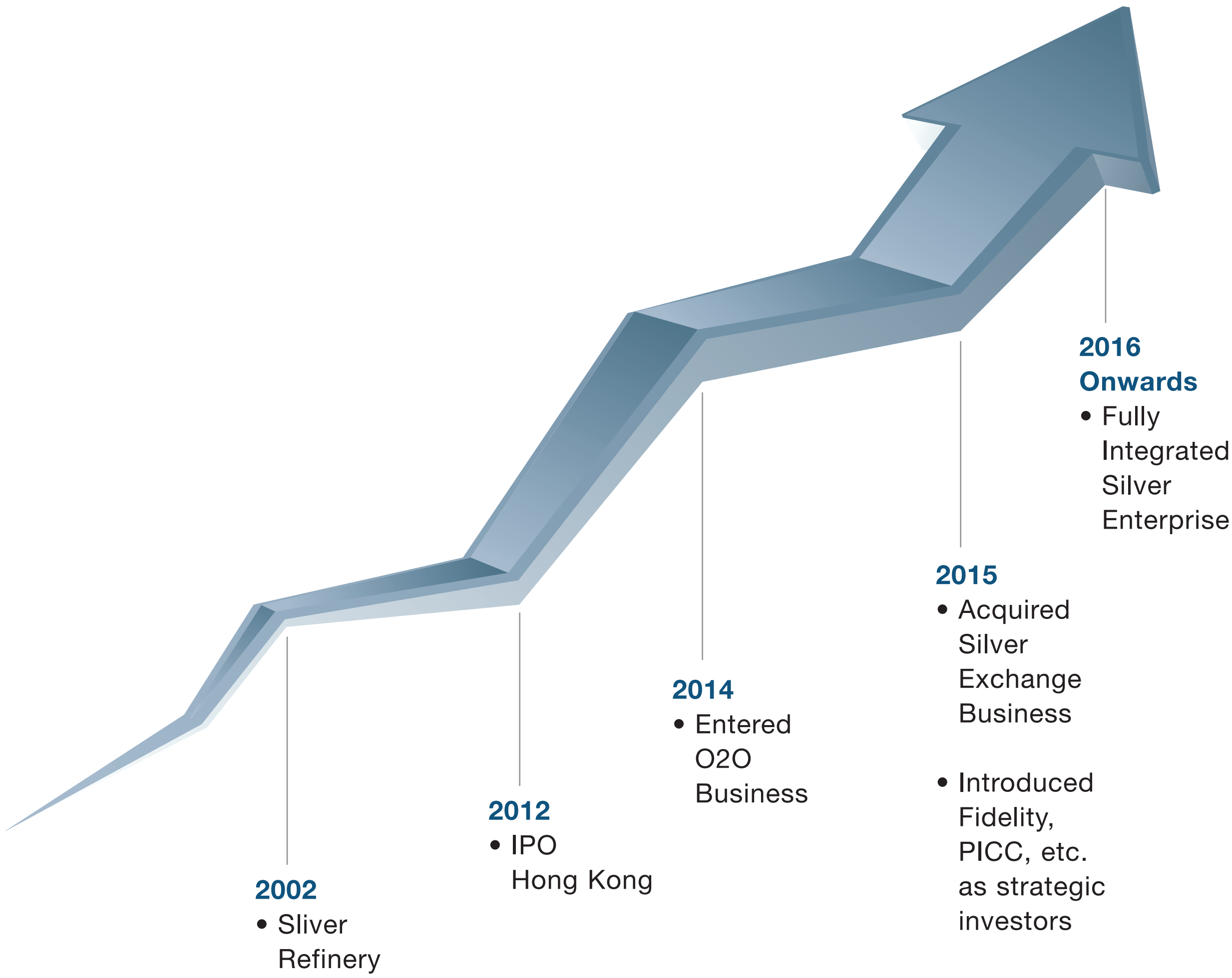
RMB million



Revenue Contribution from O2O Segment



The Milestone of China Silver Group Limited



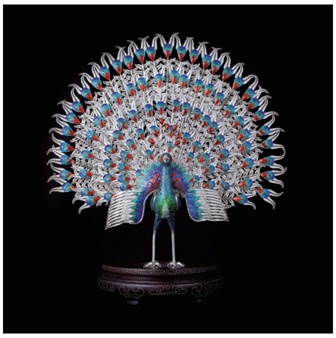
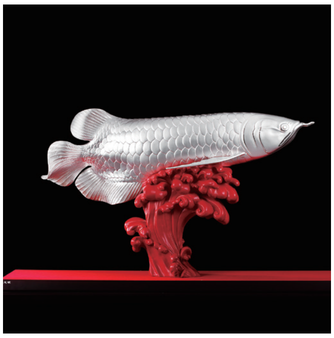
SELECTED BRANDS AND PRODUCTS

Zun Fan Pure Silver Jewelleries (尊梵足銀)






Guo Yin Tong Bao Silver Collectibles (國銀通寶)



The year 2015 was another leap forward for the Group. The Directors are delighted to report our remarkable progress in becoming a leading fully-integrated silver enterprise.

In 2014, we decided to diversify from the traditional smelting business to the downstream O2O business. Throughout 2015, we continued to launch numerous new initiatives and achieved a significant growth in the O2O segment. The aggregate sales in the O2O segment amounted to RMB835 million, representing approximately 48.9% of our total revenue (2014: 19.1%), a significant increase of approximately 187% as compared to 2014. As projected in last year's annual report, the O2O segment has now become a major revenue contributor to the Group.

During 2015, the Group further expanded downstream by acquiring a 25% equity interest in Shanghai White Platinum & Silver Exchange* (上海華通鉑銀交易市場有限公司 or "Shanghai Huatong"), an operator of an integrated precious metals and non-ferrous metals exchange in the People's Republic of China ("PRC"). We subsequently acquired the remaining 75% equity interest in Shanghai Huatong in February 2016 and Shanghai Huatong has now become a wholly-owned subsidiary of the Group.

As stated in the prospectus of the Company dated 14 December 2012, our long-term goal is to become a leading fully-integrated silver enterprise in the PRC. With the rapid growth in the O2O business and the addition of Shanghai Huatong, we have taken a major step forward in achieving this long-term goal.

The Group, nevertheless, recorded a net loss during this transformation period in 2015, primarily due to the following reasons:

(i) the decrease in gross profit of the smelting business due to further decline in international silver price throughout 2015 and the initial adoption of the new environmental laws by the government of the PRC;

(ii) the increase in non-cash share option expense of approximately RMB35 million;

(iii) the increase in operating costs in the O2O segment during the early rapid development stage;

(iv) the non-recurring expenses of approximately RMB26 million incurred for acquisitions and fund-raising activities in 2015; and

(v) the absence of a one-off tax reversal of approximately RMB19 million recorded in 2014.

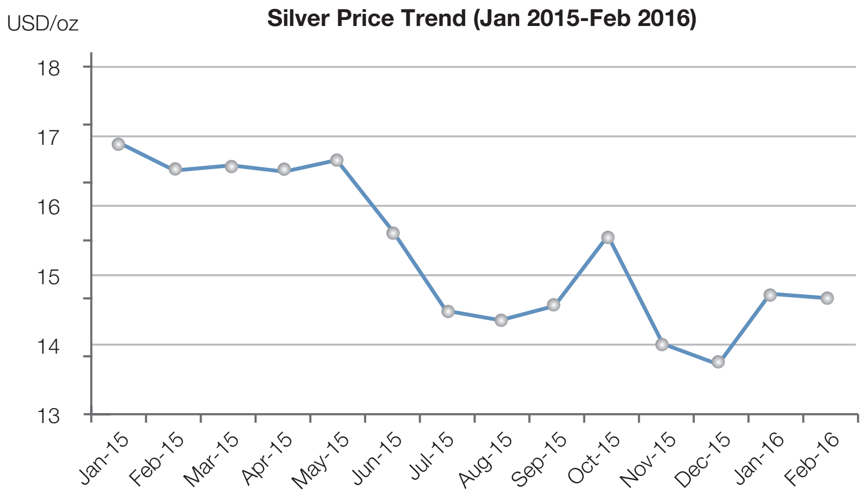
Despite the loss we encountered initially during the transformation period, we remain fully confident in our current business strategy and believe all the investments will bring fruitful results in the future.

Manufacturing Business

We are one of the leading silver producers in the PRC which manufacture high-grade silver ingots for industrial and trading purposes.

The Group applied a proprietary production model to manufacture high quality silver and other non-ferrous metals. During 2015, we sold 186 tonnes of silver ingot to our customers and used 95 tonnes of silver ingot for our downstream O2O business. The sales volume of other metal by-products decreased due to the use of environmental-friendly recycled materials.

The global commodity market remained weak in 2015. The decrease in international silver price further affected the average selling price of our silver ingots. The graph below shows the change in international silver price quoted on the London Bullion Market Association (LBMA) throughout 2015 and up to February 2016:



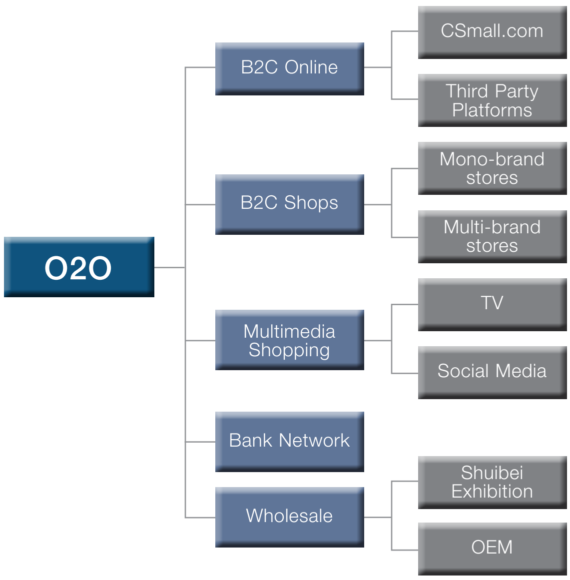
Source: The London Bullion Market Association

In addition, the cost of raw materials increased significantly after the adoption of new environmental laws in the PRC, which encouraged silver producers to use environmental-friendly recycled materials for production. As a result, the overall performance of the manufacturing segment was adversely affected. We have been working closely with the local authority on compliance with the regulatory changes and have been developing ways to improve our production process in view of the new environmental laws.

We expect the international silver price will stabilize at the current level. With the rapid growth of the O2O segment and the newly acquired silver exchange business, we expect the traditional smelting business will play a less significant role in the Group's overall performance in the future.

O2O Business

As a young retailer, we fully understand the importance of the use of technology and the revolutionary changes brought by the internet. During the year, we achieved outstanding results in the O2O business. Aggregate sales in O2O business amounted to approximately RMB835 million, representing approximately 48.9% of our total revenue (2014: 19.1%), an increase of almost three times the revenue in 2014.



B2C online

B2C online sales experienced significant growth in 2015 and now represents approximately 25.8% of sales in the O2O segment. We achieved record daily sales on the Singles' Day (11 November 2015), the biggest online shopping day in the PRC, with sales of approximately RMB17.9 million (2014: RMB6.0 million), almost triple that of last year.

Up to date, our proprietary online sales platform, www.CSmall.com (金貓銀貓) surpassed 2.1 million registered members, with 28.2 million monthly page views (PV), 15.8 million unique visitors (UV) and 10.0 million internet protocols (IP). The platform now carries an aggregate of approximately 120 self-owned and third party brands offering a comprehensive range of products to customers.

Apart from developing our own sales platform, we also cooperated with third party platforms such as Tmall, JD, Suning, Gome and Yihaodian to distribute our products online.

In 2015, we further took advantage of the rising popularity of social media as sales channels to distribute our products and had accumulated over 4,000 registered WeChat Social Distribution accounts.

O2O shops

O2O shops consist of franchised and self-owned outlets which provide offline experience, service and support to customers.

In view of the highly-fragmented retail market in the PRC, we introduced a new multi-brand store concept, namely CSmall, to fulfil different needs. Unlike mono-brand stores which only carry one single brand, CSmall store is virtually a mini-mall carrying three to eight silver and jewellery brands which offers customers a range of choices to suit their needs and preferences. The multi-brand store strategy increases the flexibility to react to market changes and adapt to local tastes.

During 2015, we opened approximately 80 outlets, including 38 CSmall stores. As of today, we have around 120 outlets across the PRC with presence in Anhui, Beijing, Guangdong, Hebei, Heilongjiang, Henan, Hubei, Hunan, Inner Mongolia, Jiangsu, Jiangxi, Shandong, Shanxi, Shaanxi, Shanghai, Tianjin, Yunnan and Zhejiang.

Apart from the traditional franchising model, we are also exploring innovative ways to expand our network. In August 2015, we partnered with the PRC's largest crowd-funding platform, Renrentou.com (人人投), to open our 100th O2O shop in Shenzhen Haiya Mega Mall. This is the first collaborative project with Renrentou, with Renrentou responsible for fund raising and the Group responsible for store operation. We will continue to explore innovative ways to expand our sales network.

Multimedia shopping

Leveraging the instant success with the CCTV shopping channel last year, we are currently cooperating with a total of 18 television channels with an aggregate coverage of over 300 million home viewers in the PRC. Our major partners include CCTV, Shanghai Oriental CJ Shopping, Shandong Lucky Pai and Shenzhen Eachome.

Bank Network

By the end of 2015, we extended our sales network to banking institutions by partnering with Bank of Ganzhou to distribute our silver collectibles to high-net-worth bank customers through their 77 bank branches across the PRC.

Wholesale

Wholesale refers to OEM customers and sales generated from our all-in-one 2,000 square meters flagship exhibition hall located in Shuibei, Shenzhen. We work closely with corporate clients and customize silver products to meet with different demands.

Silver Exchange Business

To fulfil our long term goal of becoming a leading vertically integrated silver enterprise, we acquired a 25% equity interest in Shanghai Huatong, which is one of the largest spot exchanges for silver trading in the PRC.

Shanghai Huatong is the operator of an integrated precious metals and non-ferrous metals exchange in the PRC which provides professional and standardized spot goods supply, trading, logistic and e-commerce services. Its official website, www.huatongsilver.com, has been the most authoritative web portal for the silver industry in the PRC. The daily spot silver prices quoted by www.huatongsilver.com are the general reference prices for the silver industry in the PRC.

Marketing Campaigns

During the year, we launched a series of marketing activities to boost our brand awareness.

In February 2015, we partnered with the Chinese New Year blockbuster 3D movie "Zhongkui – Snow Girl and the Dark Crystal" and tailor-made a series of silver investing souvenirs for movie fans and collectors. In May 2015, we cooperated with the popular TV show, "Where are We Going, Dad 2" and became its only official silver brand to promote show-related silver products. In September 2015, we participated in the grand ceremony of the "2015 Star Show" organized by the Trends Group, which was attended by numerous celebrities, to promote our brands. In December 2015, we were invited by China Tianjin TV to attend the popular reality show "Only You" to promote our brands and products.

During 2015, we also participated in two of the largest international jewellery exhibitions in the PRC, Shenzhen International Jewellery Fair (深圳國際珠寶展) and Guangzhou Fair (廣州博覽會), to promote our products. We were the co-organizer of a world-class jewellery designing competition, Milan Expo International Jewellery Design Competition (米蘭世博中意珠寶國際設計大賽).

Additionally, we collaborated with the China Railway Corporation to promote our online sales platform, www.CSmall.com (金貓銀貓), on trains so as to allow passengers to shop comfortably during their journey. We have also established cooperation with one of the largest mobile service providers in the PRC, China Unicom, to promote our online sales platform.

Our dedication and ambition in developing the O2O business have won us attention of the media. In May 2015, CCTV invited us to participate in one of their key series – "Dream Building in China" and introduced our innovative O2O silver and jewellery retail platform to the audience in the PRC.

Going forward, we will continue to allocate more resources to promote our downstream O2O business.

In January 2016, we sponsored famous popstar Chang Chenyue's music concert and set up a sales booth to promote our products. In February 2016, we partnered with the popular TV show, "Legend of the Nine Tails Fox" and became the only official silver brand to promote show-related silver products.










PROSPECTS

Looking forward, we are confident about the future of the silver market in the PRC.

While we endeavor to improve our existing sales channels, we spend relentless effort to explore new business initiatives.

In January 2016, we opened our first overseas O2O shop to explore the international market. We are also planning to launch a new product "silver bar certificate" through our various channels. The certificate will allow customers to have option of depositing the physical silver bars with the Group for a specified return. We expect the certificate to enhance the liquidity of silver bars between the upstream and downstream segments.

Furthermore, we plan to gradually increase our capacity to an annual design capacity of 360 tonnes of silver ingots by the end of 2016.

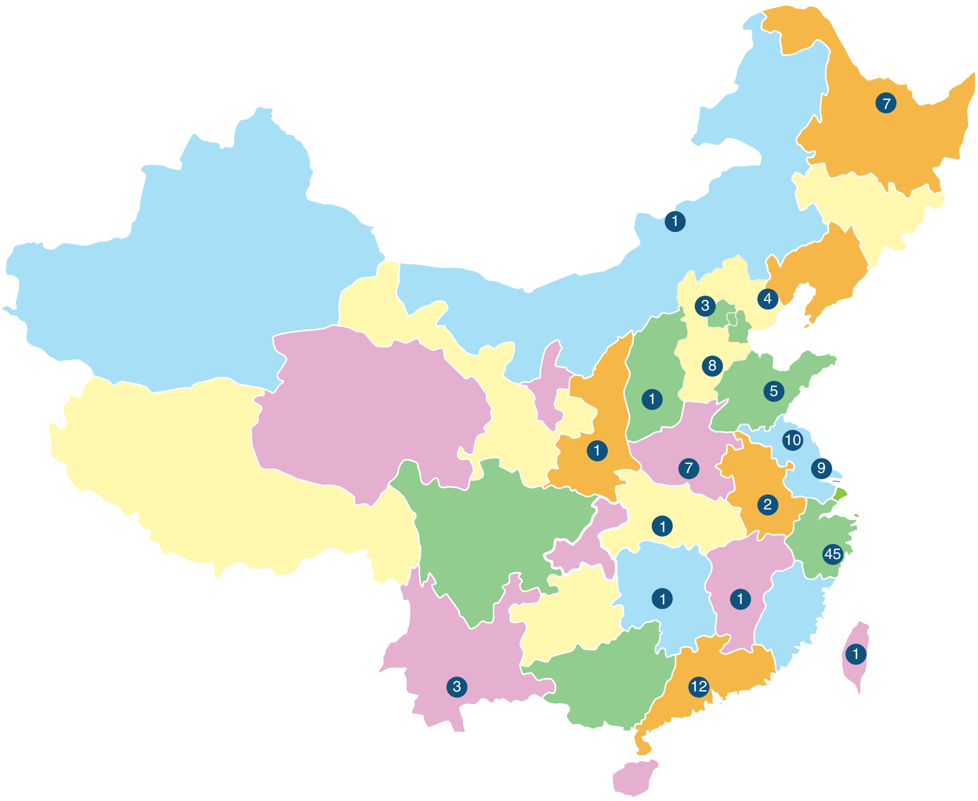
As of 31 December 2015, we had net cash of approximately RMB889 million, signifying the Group's sufficient resources in potential acquisition. We have been considering various opportunities in the market and will disclose more details in accordance to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") when appropriate.

In summary, we are pleased with the encouraging development of the Group while undergoing the transformation period. We expect the traditional smelting business to recover as the international silver price shows strong sign of recovery. In conclusion, we are confident in our current business strategy and will strive to the best of our ability to become a leading vertically-integrated silver enterprise in the PRC.

Chen Wantian
Chairman
Hong Kong, 31 March 2016

* For identification purpose only

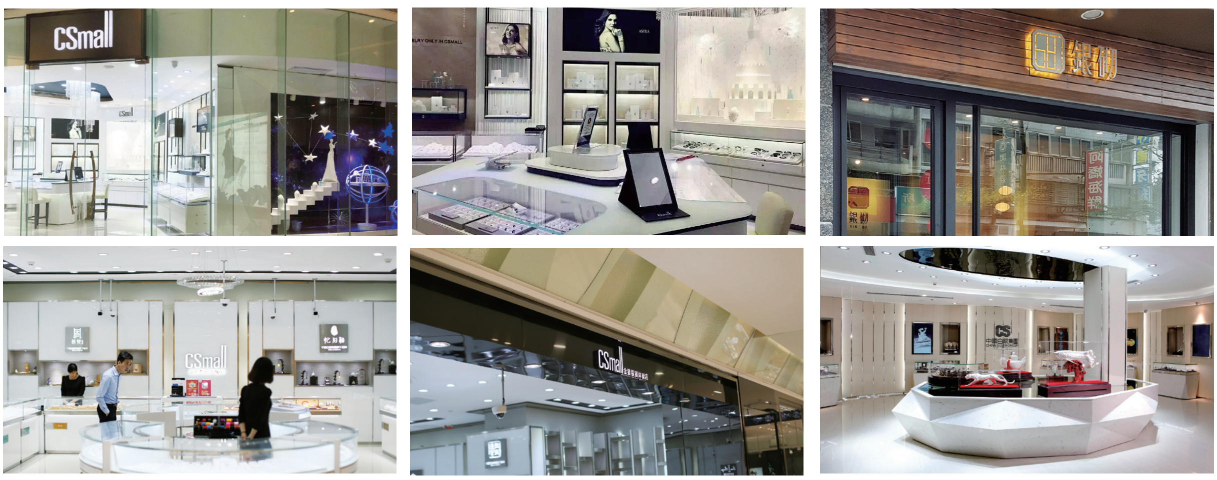
Presence of O2O shops across the PRC



Shops Distribution

7 in Heilongjiang
1 in Inner Mongolia
3 in Beijing
4 in Tianjin
8 in Hebei
1 in Shanxi
1 in Shaanxi
5 in Shandong
7 in Henan
10 in Jiangsu
9 in Shanghai
2 in Anhui
1 in Hubei
45 in Zhejiang
2 in Jiangxi
1 in Hunan
3 in Yunnan
12 in Guangdong
1 in Taipei

As of today, we have around 120 shops in 19 provinces and cities in the PRC



Photos of O2O shops

Revenue

The revenue of the Group for the year ended 31 December 2015 was approximately RMB1,707 million (2014: RMB1,523 million), representing a slight increase of approximately 12% from that of last year.

	Year ended 31 December,			
	2015		2014	
	Revenue *(RMB'000)*	**% of revenue**	Revenue *(RMB'000)*	% of revenue
Manufacturing segment				
Silver ingot	**571,308**	**33.5%**	744,712	48.9%
Other metal by-products	**300,012**	**17.6%**	486,786	32.0%
	871,320	**51.1%**	1,231,498	80.9%
O2O segment				
Silver jewellery and collectibles	**835,345**	**48.9%**	291,218	19.1%
Total	**1,706,665**	**100%**	1,522,716	100%

Sales of silver ingot decreased from RMB745 million to RMB571 million for the year ended 31 December 2015, representing a decrease of approximately 23% from that of last year. The decrease was due to decline in both the average selling price and sales volume.

The average selling price of silver ingot decreased from RMB3.4 million (value-added tax exclusive) per tonne to RMB3.1 million per tonne due to a drop in the average market silver price. Sales volume of silver ingot decreased from 219 tonnes to 186 tonnes as more silver ingots were used for the manufacture of silver jewellery and collectibles in the downstream O2O business. The aggregate production volume of silver ingot increased slightly from 268 tonnes to 281 tonnes.

Other metal by-products such as lead ingot, bismuth ingot, antimony ingot and crude tin are produced during the production of silver ingot. Sales decrease by approximately 38% to RMB300 million is mainly due to the use of environmental-friendly recycled materials which carried less metal by-products.

During 2015, the O2O segment recorded sales of silver jewellery and collectibles of RMB835 million (2014: RMB291 million). This business was newly-developed last year and expanded rapidly during the year.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales mainly represents the cost of raw materials consumed, direct labor and manufacturing overhead. Cost of raw materials consumed accounted for over 90% of cost of sales. The purchase cost of raw materials is determined by the content levels of silver and lead at market prices at the time of purchase; other types of minerals or metals are not taken into account when determining the purchase price. The decrease in cost of sales was mainly due to the decline in the average market price of silver.

We recorded gross profit of approximately RMB175 million (2014: RMB343 million) for the year ended 31 December 2015, representing a decrease of approximately 49.1% as compared to that of last year, mainly due to the significant decrease in gross profit margin.

The overall gross profit margin decreased from 22.6 % to 10.2% due to the decrease in international silver price during 2015 and the use of environmental-friendly recycled materials.

Administrative Expenses

Administrative expenses increased by approximately 168% from RMB50.3 million to RMB134.9 million for the year ended 31 December 2015. The increase was mainly due to the increase in staff cost incurred for the rapid development of the O2O segment. Non-cash share option expenses increased by approximately 539% from RMB6.4 million to RMB41.1 million for the year ended 31 December 2015.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 125% from RMB8.2 million to RMB18.4 million for the year ended 31 December 2015 mainly due to the increase in advertising costs incurred for the O2O segment.

Other Expenses

Other expenses mainly represent non-operating professional expenses for acquisition projects and fund raising activities during the year.

Income Tax Expense

Income tax expense decreased by approximately 36.8% from RMB28.5 million to RMB18.0 million for the year ended 31 December 2015 mainly due to lower profit before tax and the absence of a one-off reversal of income tax expense of RMB19 million for a subsidiary which was qualified to enjoy a lower tax rate for three consecutive years commencing from 2013.

(Loss)/Profit Attributable to Owners of the Company

The loss attributable to owners of the Company for the year ended 31 December 2015 amounted to approximately RMB11 million, as compared to the profit attributable to owners of the Company of approximately RMB248 million in 2014. Net profit margin significantly decreased from 16.3% to -0.6% primarily due to the decrease in gross profit and certain non-cash and non-operating expenses.

Inventories, Trade Receivables and Trade Payables Turnover Cycle

The Group's inventories mainly comprise of raw materials of ore powder, smelting slag and silver jewellery. For the year ended 31 December 2015, inventory turnover days were approximately 44 days (for the year ended 31 December 2014: 40.0 days) and remained stable.

The turnover days for trade receivables for the year ended 31 December 2015 were approximately 17.6 days (for the year ended 31 December 2014: 4.8 days). The Group generally granted its customers a credit period ranging from 30 to 90 days and required advance deposits from its customers before delivery of goods.

The turnover days for trade payables for the year ended 31 December 2015 were approximately 9.8 days (for the year ended 31 December 2014: 6.5 days). We were generally required by our suppliers to prepay 30% to 50% of the purchase price of our raw materials prior to delivery and the credit period of purchase of goods generally ranged from 20 to 90 days.

Borrowings

As of 31 December 2015, the Group's bank borrowings balance amounted to RMB130 million (as of 31 December 2014: RMB130 million). The amounts are carried at fixed interest rates and will be due for repayment within one year.

The Group's net gearing ratio was calculated on the basis of the total bank borrowings less bank balances and cash, short term bank deposit and pledged bank deposit as a percentage of shareholder equity. As of 31 December 2015, the Group is in a net cash position with a net gearing ratio of -59.4% (as of 31 December 2014: -83.6%).

Pledge of Assets

As of 31 December 2015, the Group pledged property ownership rights in respect of buildings, land use rights and inventories with total carrying value of approximately RMB63.9 million, RMB10.9 million and RMB119 million, respectively (as of 31 December 2014: RMB67.4 million, RMB11.1 million and RMB66.9 million) to secure the general banking facilities granted to the Group. As of 31 December 2014, the Group also pledged bank deposit with total carrying value of approximately RMB20.1 million to secure the general banking facilities.

Capital Expenditures

For the year ended 31 December 2015, the Group invested approximately RMB24.5 million in property, plant and equipment (2014: RMB17.7 million).

EMPLOYEES

As of 31 December 2015, the Group employed 983 staff (as of 31 December 2014: 936 staff) and the total remuneration for the year ended 31 December 2015 amounted to approximately RMB120.4 million (2014: RMB59.4 million). The Group's remuneration packages are in line with the current legislation in the relevant jurisdictions, the experience and qualifications of individual employees and the general market conditions. Bonuses are linked to the Group's financial results as well as to individual performances. The Group ensures that adequate training and professional development opportunities are provided to all employees so as to satisfy their career development needs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquidity position during the year under review. The Group was principally financed by internal resources and bank borrowings. The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and bank borrowings. As of 31 December 2015, the cash and cash equivalents, net current assets and total assets less current liabilities were approximately RMB1,019 million (as of 31 December 2014: RMB740 million), RMB1,223 million (as of 31 December 2014: RMB769 million) and RMB1,504 million (as of 31 December 2014: RMB978 million), respectively. As of 31 December 2015, the Group had bank borrowings amounting to RMB130 million (as of 31 December 2014: RMB130 million).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

In July 2015, the Group acquired a 25% equity interest in Shanghai Huatong for an aggregate consideration of RMB40 million.

Save as disclosed above, the Group did not hold any significant investment nor did the Group carry out any material acquisition and disposal during the year.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK$0.05).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2016 to 24 May 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 19 May 2016 for registration of transfer.

EXECUTIVE DIRECTORS

Mr. Chen Wantian (**陳萬天**), aged 42, is the chairman and an executive Director of the Company. He is a co-founder of the Group and was appointed to the Board on 19 July 2012. Mr. Chen Wantian has over ten years of experience in the nonferrous metal mining and processing industry. Since May 2002, Mr. Chen Wantian has served as director and deputy general manager of Longtianyong Nonferrous Metals. He is responsible for the overall corporate strategies, management, planning and business development of the Group.

As at 31 December 2015, Mr. Chen Wantian had an interest in the shares of the Company, the details of which are set out in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the Report of the Directors contained in this annual report.

Mr. Sung Kin Man (**宋建文**), aged 44, is the chief executive officer and executive Director of the Company. Mr. Sung joined the Group in 2015 and was appointed to the Board on 30 April 2015. Mr. Sung has more than 20 years of experience in the financial industry. He is responsible for the overall corporate strategies, management, planning and business development of the Group.

Mr. Sung graduated from the University of Southern California with a bachelor's degree of science in business administration.

Mr. Song Guosheng (**宋國生**), aged 53, is the vice president and an executive Director of the Company. Mr. Song joined the Group in 2002 and was appointed to the Board on 16 August 2012. Mr. Song has approximately 19 years of experience in the production management in the non-ferrous metallurgical industry. He is responsible for production management of the Group.

Mr. Song graduated from Suzhou University of Science and Technology Trade Unions (蘇州職工科技大學) in July 2004 with a diploma of business management.

As at 31 December 2015, Mr. Song Guosheng had an interest in the shares of the Company, the details of which are set out in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the Report of the Directors contained in this annual report.

Mr. Chen Guoyu (**陳國裕**), aged 67, is the vice president and an executive Director of the Company. Mr. Chen joined the Group in 2011 and was appointed to the Board on 16 August 2012. He is responsible for strategic and development planning, management and human resources development of the Group.

Mr. Chen graduated at Zhejiang University (浙江大學) with a master's degree in philosophy.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Bin (郭斌), aged 25, was appointed as an independent non-executive Director on 30 April 2015. Mr. Guo has been the head of sales and operations of a real estate company in Chengdu since 2014 and has expertise in online sales and marketing strategy.

Mr. Guo received his bachelor's degree in computer science from Tianjin University of Science & Technology in 2012.

Mr. Song Hongbing (宋鴻兵), aged 47, was appointed as an independent non-executive Director on 28 December 2015. Mr. Song is a well-known Chinese economist with focus on the areas of global financial history and international commodity market. Mr. Song was elected by BusinessWeek as one of the 40 most influential persons in China.

Mr. Song graduated from Northeastern University in 1990 with a bachelor's degree in engineering. He obtained a master's degree in education from American University in 1996.

Dr. Li Haitao (李海濤), aged 47, was appointed as an independent non-executive Director on 5 December 2012. Dr. Li has extensive research experience in the areas of hedging, derivatives and risk management. Dr. Li is currently appointed as Dean's Distinguished Chair Professor of Finance and Associate Dean of MBA Program at the Cheung Kong Graduate School of Business.

Dr. Li undertook the Ph.D program in geophysics at Yale University between 1991 and 1992. He received his Ph.D in finance from Yale University in 1998.

Dr. Zeng Yilong (曾一龍), aged 44, was appointed as an independent non-executive Director on 5 December 2012. Dr. Zeng has over 18 years of experience in accounting, auditing and financial management. Dr. Zeng is the vice chief accountant of Datang Telecom Technology & Industry Group (大唐電信科技產業集團), a state-owned enterprise principally engaged in the production of high technology electronic information system components.

Dr. Zeng obtained his master's degree in Business Administration and a doctoral degree in Business Administration (Accounting) from Xiamen University (廈門大學) in July 2000 and December 2006, respectively.

Dr. Jiang Tao (姜濤), aged 52, was appointed as an independent non-executive Director on December 5, 2012. Dr. Jiang has more than 20 years of experience in mineral processing and chemical metallurgy study and research. He is the dean of the School of Minerals Processing and Bioengineering at Central South University (中南大學).

Dr. Jiang obtained his bachelor's degree, master's degree and doctoral degree in Engineering at Central South University (中南大學) in 1983, 1986 and 1990 respectively. He resigned as an independent non-executive Director with effect from 28 December 2015.

SENIOR MANAGEMENT

Mr. Moy Yee Wo, Matthew (梅以和), aged 37, is the chief financial officer and company secretary of the Company. Mr. Moy joined the Group in 2012 and is responsible for the supervision of financial management, investor relations and company secretarial functions of the Company. Mr. Moy has over 10 years of experience in the financial industry.

Mr. Moy graduated with a bachelor's degree in business administration in accounting and obtained a master's degree in business administration at the Hong Kong University of Science and Technology. Mr. Moy is a member of the Hong Kong Institute of Certified Public Accountants.

CODE OF CORPORATE GOVERNANCE PRACTICE

During the year ended 31 December 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except for the following deviations:

Pursuant to code provision A.2.1 of the Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company did not have a separate chairman and chief executive officer which Mr. Chen Wantian performed these two roles until 30 April 2015.

The Board believed that vesting the roles of both chairman and chief executive officer in the same person had the benefit of ensuring consistent leadership within the Group and enabled more effective and efficient overall strategic planning for the Group. However, in order to comply with the Code, the Board decided to separate the roles of the chairman and chief executive officer on 30 April 2015.

CHANGES IN INFORMATION OF DIRECTORS

Changes in information of Directors since the publication of the Company's annual report 2014 were disclosed as below pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Chen Wantian has resigned from his position as the chief executive officer with effect from 30 April 2015, but remains as the chairman of the Board and an executive Director of the Company. Mr. Sung Kin Man has been appointed as the chief executive officer and executive Director with effect from 30 April 2015 and Mr. Guo Bin has been appointed as an independent non-executive Director with effect from 30 April 2015.

Dr. Jiang Tao has resigned as an independent non-executive Director and has ceased to be a member of each of the audit committee of the Board (the "Audit Committee"), nomination committee of the Board (the "Nomination Committee") and remuneration committee of the Board (the "Remuneration Committee") with effect from 28 December 2015. Mr. Song Hongbing has been appointed as an independent non-executive Director and has been appointed as a member of each of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 28 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2015.

BOARD OF DIRECTORS

(i) Board Composition

As at the date of this annual report, the board of Directors (the "Board") comprised a combination of four executive Directors and four independent non-executive Directors as follows:

Executive Directors
Mr. Chen Wantian (Chairman)
Mr. Sung Kin Man (Chief Executive Officer) (Appointed with effect from 30 April 2015)
Mr. Song Guosheng
Mr. Chen Guoyu

Independent non-executive Directors
Mr. Guo Bin (Appointed with effect from 30 April 2015)
Mr. Song Hongbing (Appointed with effect from 28 December 2015)*
Dr. Li Haitao
Dr. Zeng Yilong

**Dr. Jiang Tao resigned as an independent non-executive Director with effect from 28 December 2015.*

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

The executive Directors, with assistance from the senior management, form the core management team of the Company. The executive Directors have the overall responsibility of formulating the business strategies and development plan of the Group and the senior management are responsible for supervising and executing the plans of the Company and its subsidiaries.

(ii) Board Functions and Duties

The principal functions and duties conferred to the Board include:

- convening general meetings and reporting the Board's work at general meetings;
- implementing resolutions passed by the shareholders of the Company in general meetings;
- deciding on business plans and investment plans;
- preparing annual financial budgets and final reports;
- formulating proposals for profit distributions, recovery of losses and for increases or reductions in the registered capital; and
- exercising other powers, functions and duties conferred by shareholders of the Company in general meetings.

(iii) Management Functions and Duties

The management is responsible for implementing the strategies and plans adopted by the Board. Executive Directors and management personnel meet regularly to review the performance of the business of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance within the Group and is committed to ensuring that an effective corporate governance is put in place to continuously review and improve the corporate governance practices within the Group.

(iv) Board Meetings

During the period under review, there were twenty one board meetings held, at which the Directors approved, among other things, the annual result of the Group for the year ended 31 December 2015.

Prior notices convening the board meeting were despatched to the Directors before the board meetings setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved to enable the Directors to make informed decisions. The company secretary of the Company (the "Company Secretary") had been responsible for ensuring the procedures of the board meetings are observed and keeping minutes for the board meetings which were sent to the Directors for records and are open for inspection at any reasonable time by any Director on reasonable notice.

(v) Attendance Record

The following is the attendance record of the board meeting held by the Board:

Executive Directors	**Attendance at meetings**	
	Board	**General Meeting**
Mr. Chen Wantian (Chairman)	21/21	1/2
Mr. Sung Kin Man (Chief Executive Officer) (Appointed with effect from 30 April 2015)	20/21	1/2
Mr. Song Guosheng	19/21	0/2
Mr. Chen Guoyu	19/21	0/2
Independent non-executive Directors		
Mr. Guo Bin (Appointed with effect from 30 April 2015)	19/21	0/2
Dr. Jiang Tao (Resigned with effect from 28 December 2015)	17/21	0/2
Mr. Song Hongbing (Appointed on with effect from 28 December 2015)	4/21	0/2
Dr. Li Haitao	19/21	0/2
Dr. Zeng Yilong	21/21	0/2

(vi) Independent Non-executive Directors

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experiences and qualifications to carry out their duties so as to protect the interests of the shareholders of the Company. Among the four independent non-executive Directors, one of them have appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has also received a written annual confirmation from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers that all independent non-executive Directors are independent with reference to the factors stated in the Listing Rules.

(vii) Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, which is terminable by not less than three months' notice in writing.

Under code provision A.4.1 of the Code, all the non-executive directors should be appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years, which is terminable by not less than three months' notice in writing.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the articles of association of the Company (the "Articles"), all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

(viii) Directors' Remuneration

The Remuneration Committee makes recommendations to the Board on the remuneration packages of the Directors and senior management personnel. It is the Company's policy that the remuneration package of each Director and senior management shall be determined by taking reference to, inter alia, their duties, responsibilities, experiences and qualifications.

(ix) Board Diversity

The composition, structure and size of the Board are reviewed at least annually by the Nomination Committee to ensure that it has a balance of appropriate skills, experience and diversity of perspectives to meet the needs of the business of the Group. Members of the Board have a diverse range of business, financial and professional expertise. Brief biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

(x) Directors' Continuous Training and Development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant. The Directors are committed to complying with the code provision A.6.5 under the Code on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received for the year ended 31 December 2015 to the Company.

AUDIT COMMITTEE

The Board established an audit committee on 5 December 2012 with written terms of reference in compliance with the Code. Under Rule 3.21 of the Listing Rules, a majority of the members of the audit committee should be independent non-executive directors and the audit committee should be chaired by an independent non-executive Director. The Audit Committee comprises all three independent non-executive Directors, namely, Dr. Zeng Yilong (Chairman), Mr. Song Hongbing and Dr. Li Haitao. The terms of reference of the Audit Committee were revised and adopted on 30 December 2015 to include additional responsibility in relation to the risk management system arising from the Stock Exchange's proposal on the risk management and internal control under the Code applicable to all listed companies with accounting periods beginning on or after 1 January 2016. The primary responsibilities of the Audit Committee are to review and supervise financial reporting processes and risk management and internal control systems of the Group.

During the period under review, the Audit Committee held two meetings. The members of Audit Committee reviewed and discussed with the external auditors of the Company the Group's audited consolidated financial statements for the year ended 31 December 2015. They were of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that is necessary.

The main duties of the Audit Committee are as follows:

- To consider the appointment of the external auditors, the audit fee, and any question of resignation or dismissal.
- To discuss with the external auditors the nature and scope of the audit.
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard.
- To discuss with the management the systems of internal control and risk management and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.
- To review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- To review the Group's interim and annual financial statements before submission to the Board.
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss.
- To review the external auditors' management letter and the management's response.
- To review the Group's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review risk management and internal control systems.
- To consider the major findings of any internal investigations on risk management and internal control matters as delegated by the Board or its own initiative and the management's response to these findings.
- To consider other topics, as defined by the Board.

The following is the attendance record of the committee meetings held by the Audit Committee.

	Attendance at meetings
Dr. Zeng Yilong (Chairman)	2/2
Dr. Jiang Tao (Resigned with effect from 28 December 2015)	1/2
Mr. Song Hongbing (Appointed with effect from 28 December 2015)	1/2
Dr. Li Haitao	2/2

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the total fee paid/payable in respect of audit services to the external auditor of the Group, Deloitte Touche Tohmatsu, was approximately RMB1.56 million. In addition, approximately RMB1.58 million was charged for non-audit services, comprising advisory services of approximately RMB1.24 million and other services of approximately RMB0.34 million.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at general meetings of the Company by the shareholders.

DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare accounts of the Group and other financial disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make informed assessments of the financial and other decisions.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for the Company's risk management and internal control systems and for maintaining and reviewing the effectiveness of these systems through the Audit Committee. The risk management and internal control systems have been designed to safeguard the assets of the Company, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

During the year ended 31 December 2015, the Audit Committee carried out an annual review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions and discussed with the internal audit team on the effectiveness and adequacy of the Company's system and procedures. The risk management and internal control systems are implemented to minimise risk to which the Group is exposed and used as a management tool for the day-to-day operations of our businesses. The systems can only provide reasonable but not absolute assurance against misstatements or losses.

For the year ended 31 December 2015, the Board and the Audit Committee considered that the risk management and internal control systems of the Group were adequate and effective.

NOMINATION COMMITTEE

The Board established a nomination committee on 5 December 2012 with written terms of reference in compliance with the Code. Under the code provision A.5.1 of the Code, a majority of the members of the nomination committee should be independent non-executive directors and the nomination committee should be chaired by the chairman of the Board or an independent non-executive director. The Nomination Committee comprises Mr. Chen Wantian (Chairman), Mr. Song Hongbing and Dr. Li Haitao, with the latter two being independent non-executive Directors.

The Nomination Committee considers and recommends to the Board suitably qualified persons to become Directors and is responsible for reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategies.

Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the independent non-executive Directors) are sought. The selection criteria of the qualified candidates are mainly based on assessments of their qualifications, experiences and expertise as well as the requirements under the Listing Rules. The Nomination Committee selects and recommends candidates for directorship with regards to balancing skills and experiences appropriate to the Group's businesses.

During the period under review, the Nomination Committee held three meetings. The members of Nomination Committee reviewed and discussed the current structure, size and composition of the Board and the remuneration of the senior management.

The following is the attendance record of the committee meetings held by the Nomination Committee.

	Attendance at meetings
Mr. Chen Wantian (Chairman)	3/3
Dr. Jiang Tao (Resigned with effect from 28 December 2015)	2/3
Mr. Song Hongbing (Appointed with effect from 28 December 2015)	1/3
Dr. Li Haitao	3/3

REMUNERATION COMMITTEE

The Board established a remuneration committee on 5 December 2012 with written terms of reference in compliance with the Code. Under Rule 3.25 of the Listing Rules, a majority of the members of the remuneration committee should be independent non-executive directors and the remuneration committee should be chaired by an independent non-executive director. The Remuneration Committee comprises Dr. Li Haitao (Chairman), Mr. Chen Wantian and Mr. Song Hongbing in which Dr. Li Haitao and Mr. Song Hongbing are independent non-executive Directors.

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of the Directors and senior management personnel of the Group and to ensure that no Director or any of his associates is involved in deciding his own remuneration.

EMOLUMENT POLICIES

The emolument policies of the Group are formulated on performance of individual employees and on the basis of salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the profitability of the Group, the Group may also distribute discretionary bonuses to its employees as incentives for their contributions to the Group.

During the period under review, the Remuneration Committee held seven meetings. The members of Remuneration Committee reviewed and discussed the policies for the remuneration of executive Directors, the performances of executive Directors during the period under review.

The following is the attendance record of the committee meetings held by the Remuneration Committee.

	Attendance at meetings
Dr. Li Haitao (Chairman)	7/7
Mr. Chen Wantian	7/7
Dr. Jiang Tao (Resigned with effect from 28 December 2015)	6/7
Mr. Song Hongbing (Appointed with effect from 28 December 2015)	1/7

MEETING WITH INDEPENDENT NON-EXECUTIVE DIRECTORS

The Chairman of the Board held one meeting with the independent non-executive Directors without the presence of the other executive Directors on 31 March 2016 to review and discuss, among other things, the independence of the independent non-executive Directors and confirmed that the independent non-executive Directors can express their views at the Board meetings without restrictions.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to develop and maintain continuing relationships and effective communications with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established the following various channels:

1. The annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available at the annual general meetings of the Company to address shareholders' queries;

2. Separate resolutions are proposed at the general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in the circulars to the shareholders of the Company to facilitate enforcement of shareholders' rights;

3. Interim and annual results are announced as early as possible, to keep shareholders of the Company informed of the Group's performances and operations; and

4. Updated key information of the Group is available on the Company's website to enable shareholders of the Company and investors to have timely access to information about the Group.

THE WAY BY WHICH SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING (THE "EGM")

The Directors, notwithstanding anything in the Articles shall, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company having the right of voting at general meetings of the Company, forthwith proceed duly to convene an EGM.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited to the Company Secretary at the Company's principal place of business at Unit 2602, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the EGM.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of two months from the said date.

THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

The enquiries must be in writing with contact information of the requisitionists and deposited at the Company Secretary at the Company's principal place of business at Unit 2602, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

THE PROCEDURES FOR MAKING PROPOSALS AT SHAREHOLDERS' MEETINGS

To put forward proposals at an annual general meeting or EGM, the shareholders should submit a written notice of those proposals with detailed contact information to the Company Secretary at the Company's principal place of business at Unit 2602, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The directors of our Company (the "Directors") are pleased to report the audited consolidated financial statements of our Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

REORGANISATION AND GLOBAL OFFERING

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 July 2012 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation, as fully explained in the section of "History, Reorganization and Group Structure" in the prospectus of the Company dated 14 December 2012 (the "Prospectus") in connection with the proposed listing of the Company's shares (the "Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group. The Shares were listed on the Stock Exchange on 28 December 2012 (the "Listing").

PRINCIPAL ACTIVITIES

The principal activity of our Company is investment holding and the Group is principally engaged in the manufacture of silver and other non-ferrous metals for sales and retailing of silver products in the People's Republic of China (the "PRC").

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion on the Group's future business development and an analysis of the Group's performance during the year ended 31 December 2015 using financial key performance indicators are provided in the sections headed "Chairman's Statement" on pages 6 to 12 and "Management Discussion and Analysis" on pages 13 to 16 of this annual report which form part of this report.

(i) Principal risks and uncertainties

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in its businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments.

The Group's principal business activities comprise the smelting business and O2O business. It will be exposed to a variety of key risks including credit risk, interest risk, liquidity risk, operational risk, regulatory and market risk. There may be other risks and uncertainties which are not known to the Group or which may not be material.

(ii) Environmental policies and performance

The Group recognizes the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. The Group generates dust, sulfur dioxide, wastewater and noise during the production process of silver and other non-ferrous metals. To minimise the impact of such production emission, the Group has installed equipment to process and dispose of industrial waste pursuant to the requirements under the relevant PRC laws and regulations. The management has also formulated environment management policy for the Group based on applicable environmental laws, regulations and standards and environmental facilities inspection policies. The environmental protection and work safety department is responsible for designing and reviewing the environmental protection management systems and internal control measures to ensure compliance with applicable environmental laws and regulations.

(iii) Compliance with laws and regulations

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Company is aware, during the year ended 31 December 2015, there was no material breach of or non-compliance with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

(iv) Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers and shareholders.

(a) Employees

Employees are regarded as the most important and valuable assets of the Group. The objective of the Groups' human resource management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

(b) Customers

The Group's principal customers are downstream manufacturers and traders of smelting business and consumers of O2O business. The Group has the mission to provide excellent service and products whilst maintain our long-term profitability, business and asset growth. Various means have been established to strength the communication between the customers and the Group in the provision of excellent service and products.

(c) Suppliers

Sound relationships with key suppliers of the Group are important in supply chain which can derive cost effectiveness and foster long-term business benefits. The key suppliers comprise the raw material suppliers of smelting business and O2O business and other business partners which provide value-added services to the Group.

(d) Shareholders

One of the Group's corporate goals is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

(v) Events after the reporting period

The Company completed an issuance of new Shares of an aggregate of 50,000,000 Shares to an independent third party at a price of HK$1.7 per Share by way of subscription under general mandate on 22 January 2016.

The Company completed the acquisition of the remaining 75% equity interest in Shanghai White Platinum & Silver Exchange* (上海華通鉑銀交易市場有限公司, "Shanghai Huatong") on 1 February 2016 which consequentially made Shanghai Huatong a wholly-owned subsidiary at a consideration of not more than RMB625 million. Further details are set out in note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46 of this report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK$0.05 per Share).

An interim dividend of HK$0.01 per Share amounting to HK$13.2 million (approximately RMB10.6 million) was paid during the year ended 31 December 2015.

FIVE YEARS' FINANCIAL SUMMARY

A financial summary of the Group for the last five years are set out on page 108 of this report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately HK$101 million, which are intended to be applied in the manner consistent with that in the Prospectus. According to the plan, approximately 44% of the net proceeds was for construction of new production units and approximately 56% was for purchase of additional production machineries and equipment. As of 31 December 2015, all the proceeds from the Listing had been fully utilised.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the Group's sales to its five largest customers and its largest customer accounted for 43.5% (2014: 54.2%) and 11.3% (2014: 16.6%) of the Group's total sales respectively.

For the year ended 31 December 2015, the Group's five largest suppliers and the largest supplier accounted for 51.7% (2014: 68.4%) and 12.4% (2014: 16.9%) of the Group's total purchases respectively.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 26 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group during the year ended 31 December 2015 are set out in page 49 of this report.

As of 31 December 2015, the reserves of our Company available for distribution to shareholders amounted to RMB723,310,000 (2014: RMB45,322,000).

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's article of association, dividends shall be distributed out of the retained profits or other reserve, representing the share premium account of the Company.

BORROWINGS

Details of bank borrowings of the Group as of 31 December 2015 are set out in note 25 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 31 December 2015 and up to the date of this report were:

Executive Directors:

Mr. Chen Wantian (Chairman)
Mr. Sung Kin Man (Chief Executive Officer) (Appointed with effect from 30 April 2015)
Mr. Song Guosheng
Mr. Chen Guoyu

Independent Non-Executive Directors:

Mr. Guo Bin (Appointed with effect from 30 April 2015)
Mr. Song Hongbing (Appointed with effect from 28 December 2015)
Dr. Jiang Tao (Resigned with effect from 28 December 2015)
Dr. Li Haitao
Dr. Zeng Yilong

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 17 to 18 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT OF NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") from each of the independent non-executive Directors and the Company, based on such confirmations, considers such Directors to be independent for the year ended 31 December 2015.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years. Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years. None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest in, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2015.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

The Company has adopted share option schemes as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Schemes" below.

REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, chief executive and five highest paid individuals are set out in note 11 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of director	Capacity/Nature of interest	Number of Shares	Approximate percentage of interest in our Company
Mr. Chen Wantian	Interest in controlled corporation/ Beneficial Interest[1]	411,422,187	31.15%
Mr. Song Guosheng	Beneficial Interest[2]	2,006,797	0.15%

Notes:

1. Mr. Chen Wantian is deemed to be interested in 405,722,187 Shares owned by Rich Union Enterprises Limited as the legal owner of the entire issued share capital of Rich Union Enterprises Limited. Mr. Chen Wantian was granted share options to subscribe for 4,650,000 Shares, details of which are disclosed under the section headed "Share Option Schemes" below. Further, Mr. Chen Wantian is the beneficial owner of 1,050,000 Shares.

2. Mr. Song Guosheng was granted share options to subscribe for 1,550,000 Shares, details of which are disclosed under the section headed "Share Option Schemes" below. Further, Mr. Song Guosheng is the beneficial owner of 456,797 Shares.

Save as disclosed above, as at 31 December 2015, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the year ended 31 December 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept by our Company under Section 336 of Part XV of the SFO shows that as of 31 December 2015, in addition to the interests disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", our Company was notified of the following substantial shareholders' interests and short positions in the Shares and underlying Shares, being interests of 5% or more.

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Luo Shandong	Beneficial interest	126,738,000	9.60%

Except as disclosed above, as at 31 December 2015, our Company has not been notified by any person or corporation who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by our Company under Section 336 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF OUR COMPANY

Date of completion	Fund raising activity	Net proceeds raised	Reasons for fund raising and use of net proceeds	Closing price of last trading date	Actual use of net proceeds as of 31 December 2015
2 January 2015	Issue of 180,000,000 new ordinary shares at HK$1.51 each to two independent third parties by way of subscription under general mandate	Approximately HK$272 million	All the net proceeds will be applied for the expansion of the Company's downstream silver retailing business, its potential upstream acquisitions and general working capital	HK$1.82	Approximately 80% had been utilized for the expansion of the Company's downstream silver retailing business; and approximately 20% had been utilized for general working capital
22 May 2015	Placing of 200,000,000 existing ordinary shares to not less than six independent third parties and subscription of 200,000,000 new ordinary shares at HK$2.64 each under general mandate	Approximately HK$512 million	Approximately 30% of the net proceeds for the expansion of the Company's downstream silver retailing business, approximately 30% for the development of commodity trading platforms and related services and approximately 40% of the net proceeds for general working capital and other potential investments	HK$3.25	Approximately 30% had been utilized for the expansion of the Company's downstream silver retailing business, approximately 5% for the development of commodity trading platforms and related services, approximately 35% for general working capital and other potential investments; approximately 30% (which are kept as bank deposits in the PRC/Hong Kong) remained unutilized and will be used as intended
3 June 2015	Issue of 17,956,000 new ordinary shares at HK$4.25 each to five independent third parties by way of subscription under general mandate	Approximately HK$74 million	All the net proceeds will be applied for potential investments and general working capital	HK$5.31	The entire amount (which is kept as bank deposits in Hong Kong) remained unutilized and will be used as intended

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, each of Mr. Chen Wantian, Ms. Zhou Peizhen and Rich Union Enterprises Limited (the "Controlling Shareholders") has executed a deed of non-competition in favor of the Company (the "Deed of Non-Competition") through which they have jointly and severally undertaken to the Company not to, and will procure that none of their respective associates, (a) directly or indirectly engage, participate or hold any right or interest in or otherwise be involved in any business in competition with or likely to be in competition with our existing business activity or any principal business activity of any member of the Group or be in competition with us in any business activities which we may undertake in the future (the "Restricted Business") save for (i) the holding of not more than 5% shareholding interests (individually or any of the Controlling Shareholders with their associates collectively) in any listed company in Hong Kong; or (ii) the holding of shares in any listed company in Hong Kong where the Restricted Business conducted or engaged in by such company accounts for less than 10% of the relevant company's consolidated turnover or consolidated assets, or (iii) where the Controlling Shareholders are already, directly or indirectly, interested or invested in the operations of companies which are engaging in Restricted Business and details of which have been specifically disclosed in the Prospectus, or (b) take any direct or indirect action which constitutes an interference with or a disruption to our business activities including, but not limited to, solicitation of our customers, suppliers or staff.

To the best knowledge and belief of the Directors, the Deed of Non-Competition ceased to have any effect on Ms. Zhou Peizhen as she ceased to be a controlling shareholder (as defined under the Listing Rules) of the Company on 11 July 2014.

Each of Mr. Chen Wantian and Rich Union Enterprises Limited has provided a written confirmation to the Company confirming that he/it has complied with the terms of the Deed of Non-Competition for the year ended 31 December 2015. The independent non-executive Directors have also reviewed the status of compliance by each of Mr. Chen and Rich Union Enterprises Limited and confirmed that, as far as they can ascertain, each of Mr. Chen and Rich Union Enterprises Limited has complied with the terms of the Deed of Non-Competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this report, as of 31 December 2015, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTION

Details of the related party transactions are set out in note 30 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules. For the year ended 31 December 2015, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules.

CONTRACTUAL ARRANGEMENTS

During the year ended 31 December 2015, certain business activities of the Group which were/are categorised as "restricted" business under the PRC laws and regulations have been carried out by the Group through a series of contractual agreements (the "VIE Agreements") with certain PRC nationals to control Shenzhen Yinruiji Cultural Development Company Limited* (深圳銀瑞吉文化發展有限公司, "Structured Entity"), a limited liability company established in the PRC, pursuant to which the economic benefits and control of the Structured Entity are transferred to the relevant subsidiary of the Company (the "VIE Structure"). Major terms of the VIE Agreements are set out in note 35(ii) to the consolidated financial statements.

(i) VIE Structure

The primary purpose for the Group to adopt the VIE Structure is to enable the Group to formally operate an online proprietary sales platform (www.CSmall.com) (the "Online Platform") owned by Structured Entity. Since O2O business is a key business objective of the Group, the formation of an online sales platform is essential.

However, owing to certain restrictions under the laws and regulations relating to the telecommunication business in the PRC, the equity-owned subsidiaries of the Company were prohibited from operating the Online Platform directly without first adopting the VIE Structure. After seeking advice from the PRC legal adviser that a VIE structure is a commonly used structure by foreign internet companies to overcome the barrier, the Group entered into the VIE Agreements and established the VIE Structure on 20 May 2014.

(ii) Significance and financial contribution of the Structured Entity to the Group

As at 31 December 2015, the Structural Entity was owned as to 80% by Mr. Chen He (陳和) and 20% by Mr. Qian Pengcheng (錢鵬程), who are both PRC national. The Structured Entity is principally engaged in the operation of online sales platform. The Structured Entity is significant to the Group as it holds relevant licenses to provide internet information services and other value-added telecommunications services. It was granted a internet content provider licence by the relevant PRC authorities on 9 June 2014. The aggregate revenue of the Structured Entity that are attributable to the Group through VIE Structure amounted to approximately RMB17.7 million for the year ended 31 December 2014 and approximately RMB199 million as at 31 December 2015. As at 31 December 2015, the assets attributable to the Structured Entity was immaterial.

(iii) Risks and mitigation relating to the VIE Structure

In connection with the VIE Structure, the Group is subject to certain risks and limitations, which are summarized below:

(a) If the Structured Entity fails to obtain the requisite licenses and approvals to continually operate its online sales business in the PRC, the Group's business and financial position may be adversely affected.

(b) Foreign direct investment in value-added telecommunications business is governed by the Regulations on the Administration of Foreign-invested Telecommunication Enterprises, which require a foreign investor who would like to acquire any equity interest in the value-added telecommunications business to meet the certain qualification requirement (i.e. such foreign investor is required to have a good track record and experience in providing value-added telecommunications business, “Qualification Requirement”). The Group has been taking steps to build up its business record and experience, but given the lack of guidelines in this unclear area of the law, there is no guarantee that the steps taken will be sufficient to enable the Company to ultimately acquire the ownership in the Structured Entity. Under the Exclusive Option Agreement, Shenzhen Guoyintongbao Company Limited* (深圳國銀通寶有限公司, “SZ Silver”) has the sole discretion to require the shareholders of the Structured Entity to transfer their equity interest in the Structured Entity to SZ Silver at the lower of (aa) the amount of the registered capital contributed by the shareholders in accordance with their respective percentage of equity interest in the Structured Entity and (bb) the lowest price permitted under the PRC laws. The relevant PRC authorities may require SZ Silver to pay a substantial amount of enterprise income tax for the income from the ownership transfer if the purchase price is set below the market value. The exercise of the option to acquire the ownership of the Structured Entity may therefore be subject to substantial costs.

(c) Although the PRC legal adviser to the Company expressed the view that the VIE Structure is in compliance with the relevant PRC laws and regulations, uncertainties exist regarding the interpretation and application of the PRC laws and regulations, especially in the area of value-added telecommunications business. If the PRC government determines that the VIE Agreements do not comply with the applicable laws and regulations of the PRC or issues further guidelines that impose stricter foreign ownership requirements in that area of business, the Group’s O2O business may be adversely affected.

(d) The VIE Agreements may not provide control as effective as direct ownership. Under the VIE Structure, the Group operates its sales business through the Online Platform. The Group has to rely on SZ Silver’s rights under the VIE Agreements to effect changes in the management of the Structured Entity and make an impact on its business decision making, as opposed to exercising its rights directly as a registered equity-holder. If the Structured Entity or its registered equity-holders refuse to cooperate, the Company will face difficulties in effecting control over the Structured Entity’s operation of business through the VIE Structure, which may adversely affect the Company’s business efficiency.

(e) The registered equity-holders (the “Registered Equity-holders”) of the Structured Entity may have potential conflicts of interest with the Group. Although there are provisions under the Exclusive Option Agreement to prevent those situations, conflicts of interest may still arise when the interest of any Registered Equity-holder does not align with that of the Company, and such Registered Equity-holder may breach or cause the Structured Entity to breach the VIE Agreements. If the Group fails to resolve this internally, it may have to resort to formal dispute resolution proceedings, which may be costly and time-consuming and which outcome is uncertain. If ultimately any Registered Equity-holder has to be removed, it may be difficult for the Company to maintain investors’ confidence in the VIE Structure.

(f) Under the Exclusive Consultancy and Services Agreement, the Structured Entity is required to pay SZ Silver a service fee for the services rendered by SZ Silver. Such service fee payments between related parties may be subject to scrutiny or challenge by the PRC tax authorities within ten years after the taxable year during which such transactions are conducted.

(g) Although the Company intends to take the steps as described above to meet the Qualification Requirement and the Company's PRC legal adviser has confirmed that the overseas business experience can be counted towards the Qualification Requirement, there is no assurance that those steps will be sufficient to satisfy the Qualification Requirement, especially when the relevant PRC authorities have not issued any clear guidance as to the interpretation of the Qualification Requirement. Thus, there is a risk that when the foreign ownership restrictions are lifted in the future, the Group may be required to unwind the VIE Structure before it is in a position to comply with the Qualification Requirement.

(h) The Company has put in place internal controls to safeguard its assets held through the VIE Agreements. For instance, the Share Pledge Agreement contains a power of attorney, under which each of Mr. Chen and Mr. Qian irrevocably appoints SZ Silver (including its successors) or any person(s) designated by SZ Silver as his attorney-in-fact to sign on his behalf all the documents necessary for the enforcement by SZ Silver of its obligations under the Share Pledge Agreement, for instance, to handle the transfer of the pledged assets.

(i) The Board will review the VIE Structure regularly and determine if the Group encounters any issues in safeguarding its assets held through the VIE Agreements. If any major issues or difficulties arise in doing so, the Board will engage legal advisers and/or other professionals to assist the Group to tackle such issues or difficulties.

Up to 31 December 2015, the Group does not maintain any insurance to cover the risks relating to the VIE Agreements.

Despite the above, as advised by the PRC legal advisers to the Company, the VIE Structure is in compliance with and, to the extent governed by the PRC laws currently in force, are enforceable under, the current PRC laws. The Company will monitor the relevant PRC laws and regulations relevant to the VIE Structure and will take all necessary actions to protect the Company's interest in the Structured Entity.

(iv) Material changes

During the year ended 31 December 2015, there was no material change in the VIE Agreements and/or the circumstances under which they were adopted.

(v) Unwinding of the VIE Agreements

Up to 31 December 2015, none of the VIE Agreements has been unwound as none of the restrictions that led to the adoption of VIE Agreements has been removed.

(vi) 2016 VIE Structure

On 28 January 2016, Wenzhou Yintong Economic Information Consultation Company Limited* (溫州銀通經濟信息諮詢有限公司, "Wenzhou Yintong") entered into a series of contractual agreements with Shanghai Huatong and/or shareholders of Shanghai Huatong, pursuant to which the Company is able to gain control over the financing and business operations of Shanghai Huatong and to be entitled to the economic interest and benefits of the Shanghai Huatong. Wenzhou Yintong became an indirect wholly-owned subsidiary of the Company upon completion of the sale and purchase agreement dated 11 December 2015 and entered into between the Company (as purchaser), Silver Universe Investments Limited (as vendor) and Mr. Chen Jianlei, Mr. Lian Zhemeng, Ms. Xie Jinli and Mr. Yang Weiyu (together as vendor guarantors) on 1 February 2016. Details of the abovementioned contractual agreements are set out in the announcements of the Company dated 11 December 2015, 25 January 2016 and 1 February 2016.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 5 December 2012 (the "Scheme") and 21 April 2015 (the "New Scheme") respectively. The purpose of the share option schemes is to reward participants who have contributed to our Group and to encourage participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its shareholders as a whole. Further details of the share options schemes are set out in note 28 to the consolidated financial statements.

Details of the movements of the share options granted under the Scheme during the year ended 31 December 2015 are as follows:

Name	Date of Grant	Exercise price per Share [1]	Exercise period [2][3][4]	Outstanding as at 1 January 2015	Granted during the year ended 31 December 2015	Exercised during the year ended 31 December 2015	Outstanding as at 31 December 2015
Directors							
Mr. Chen Wantian	3 July 2013	HK$0.96	3 July 2013 – 2 July 2023	3,500,000	–	(1,050,000)	2,450,000
	20 August 2014	HK$2.20	20 August 2014 – 19 August 2024	2,200,000	–	–	2,200,000
Mr. Song Guosheng	3 July 2013	HK$0.96	3 July 2013 – 2 July 2023	1,500,000	–	(450,000)	1,050,000
	20 August 2014	HK$2.20	20 August 2014 – 19 August 2024	500,000	–	–	500,000
Employees							
In aggregate	3 July 2013	HK$0.96	3 July 2013 – 2 July 2023	7,000,000	–	(2,350,000)	4,650,000
	20 August 2014	HK$2.20	20 August 2014 – 19 August 2024	24,300,000	–	–	24,300,000
	2 January 2015	HK$1.80	2 January 2015 – 1 January 2025	–	49,000,000	–	49,000,000
Total				39,000,000	49,000,000	(3,850,000)	84,150,000

The total number of shares available for issue under the Scheme is 84,386,000, representing 6.39% of the Company's issued share capital as at 31 December 2015.

Details of the movements of the share options granted under the New Scheme during the year ended 31 December 2015 are as follows:

Name	Date of Grant	Exercise price per Share (1)	Exercise period (5)	Outstanding as at 1 January 2015	Granted during the year ended 31 December 2015	Outstanding as at 31 December 2015
Employees						
In aggregate	27 August 2015	HK$1.97	27 August 2015 - 26 August 2025	–	108,000,000	108,000,000
Total				–	108,000,000	108,000,000

The total number of shares available for issue under the New Scheme is 108,978,600 representing 8.25% of the Company's issued share capital as at 31 December 2015.

On 27 May 2015, the remuneration committee of the Board resolved to grant a total of 76,000,000 share options under the rules of the New Scheme to certain employees and consultants of the Group. Since none of the grantees accepted the share option within the acceptance period, the share options granted under the New Scheme lapsed.

Saved as disclosed above, no share options granted under the share option schemes were exercised, lapsed or cancelled during the year ended 31 December 2015.

Notes:

(1) The closing price per share immediately before 3 July 2013, 20 August 2014, 2 January 2015 and 27 August 2015 (the date on which the share options was granted) was HK$0.95, HK$2.20, HK$1.80 and HK$1.87 respectively.

(2) Share options granted under the Scheme on 3 July 2013 are exercisable during the period from 3 July 2014 to 2 July 2023 in three batches, being:

- 3 July 2014 to 2 July 2023 (up to 30% of the share options granted are exercisable)
- 3 July 2015 to 2 July 2023 (up to 60% of the share options granted are exercisable)
- 3 July 2016 to 2 July 2023 (all share options granted are exercisable)

(3) Share options granted under the Scheme on 20 August 2014 are exercisable during the period from 20 August 2015 to 19 August 2024 in three batches, being:

- 20 August 2015 to 19 August 2024 (up to 30% of the share options granted are exercisable)
- 20 August 2016 to 19 August 2024 (up to 60% of the share options granted are exercisable)
- 20 August 2017 to 19 August 2024 (all share options granted are exercisable)

(4) Share options granted under the Scheme on 2 January 2015 are exercisable during the period from 2 January 2016 to 1 January 2025 in three batches, being:

- 2 January 2016 to 1 January 2025 (up to 30% of the share options granted are exercisable)
- 2 January 2017 to 1 January 2025 (up to 60% of the share options granted are exercisable)
- 2 January 2018 to 1 January 2025 (all share options granted are exercisable)

(5) Share options granted under the New Scheme on 27 August 2015 are exercisable during the period from 27 August 2016 to 26 August 2025 in two batches, being:

- 27 August 2016 to 26 August 2025 (up to 50% of the share options granted are exercisable)
- 27 August 2017 to 26 August 2025 (all share options granted are exercisable)

AUDIT COMMITTEE

The Audit Committee had reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES AND SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct for the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164 of the Company's articles of associations, every Director is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of the duties of his office or otherwise in relation thereto (except such is incurred or sustained through his own fraud or dishonesty). Such provision is currently in force and was in force throughout the year ended 31 December 2015.

The Company has taken out and maintained appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 19 to 28 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this report.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as our auditor.

On behalf of the Board
Chen Wantian
Chairman

Hong Kong, 31 March 2016

* For identification purpose only

TO THE MEMBERS OF CHINA SILVER GROUP LIMITED
中國白銀集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Silver Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 107, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial performance of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2016

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	5	**1,706,665**	1,522,716
Cost of sales		**(1,531,853)**	(1,179,325)
Gross profit		**174,812**	343,391
Other income	6a	**6,203**	3,054
Other gains and losses	6b	**12,358**	(434)
Administrative expenses		**(134,900)**	(50,251)
Selling and distribution expenses		**(18,404)**	(8,172)
Research and development expenses	7	**(2,027)**	(2,046)
Other expenses		**(22,867)**	(244)
Finance costs	8	**(7,932)**	(8,104)
Share of results of associates		**(239)**	(400)
Profit before tax		**7,004**	276,794
Income tax expense	9	**(17,975)**	(28,454)
(Loss) Profit for the year	10	**(10,971)**	248,340
Other comprehensive expense, net of income tax			
Item that may reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**270**	–
Total comprehensive (expense) income for the year		**(10,701)**	248,340
(Loss) Profit for the year attributable to:			
Owners of the Company		**(10,969)**	248,340
Non-controlling interests		**(2)**	–
		(10,971)	248,340
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(10,699)**	248,340
Non-controlling interests		**(2)**	–
		(10,701)	248,340
		RMB	RMB
(Loss) Earnings per share	13		
Basic		**(0.009)**	0.27
Diluted		**(0.009)**	0.27

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**189,632**	182,720
Prepaid lease payments	15	**18,568**	19,003
Intangible assets	16	**7,091**	5,443
Deferred tax asset	17	**2,128**	2,307
Interests in associates	18	**63,598**	200
		281,017	209,673
CURRENT ASSETS			
Prepaid lease payments	15	**432**	432
Inventories	19	**236,447**	136,390
Trade receivables, deposits and prepayments	20	**168,348**	52,789
Trade deposits	21	**12,672**	5,233
Amount due from an associate	18	**39,610**	–
Pledged bank deposit	22	**–**	20,100
Short-term bank deposit	22	**500,000**	–
Bank balances and cash	22	**518,695**	740,434
		1,476,204	955,378
CURRENT LIABILITIES			
Trade and other payables	23	**115,473**	43,288
Customer receipts in advance	24	**1,388**	378
Income tax payable		**6,768**	13,054
Bank borrowings	25	**130,000**	130,139
		253,629	186,859
NET CURRENT ASSETS		**1,222,575**	768,519
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,503,592**	978,192

	NOTES	2015 RMB'000	2014 RMB'000
CAPITAL AND RESERVES			
Share capital	26	**10,627**	7,362
Share premium and reserves		**1,435,855**	746,529
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,446,482**	753,891
Non-controlling interests		**48,598**	–
TOTAL EQUITY		**1,495,080**	753,891
NON-CURRENT LIABILITIES			
Receipts in advance for issue of shares		**–**	215,075
Deferred income	27	**8,512**	9,226
		8,512	224,301
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**1,503,592**	978,192

The consolidated financial statements on pages 46 to 107 were approved and authorised for issue by the board of directors on 31 March 2016 and are signed on its behalf by:

CHEN WANTIAN
DIRECTOR

SUNG KIN MAN
DIRECTOR

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Share options reserve RMB'000	Capital reserve RMB'000 (note i)	Statutory reserve RMB'000 (note ii)	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	7,362	112,776	1,443	32,141	61,898	–	319,386	535,006	–	535,006
Profit and total comprehensive income for the year	–	–	–	–	–	–	248,340	248,340	–	248,340
Recognition of equity-settled share-based payments (note 28)	–	–	6,434	–	–	–	–	6,434	–	6,434
Transfer	–	–	–	–	29,537	–	(29,537)	–	–	–
Dividends paid (note 12)	–	(35,889)	–	–	–	–	–	(35,889)	–	(35,889)
At 31 December 2014	7,362	76,887	7,877	32,141	91,435	–	538,189	753,891	–	753,891
Loss for the year	–	–	–	–	–	–	(10,969)	(10,969)	(2)	(10,971)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	270	–	270	–	270
Total comprehensive income (expense) for the year	–	–	–	–	–	270	(10,969)	(10,699)	(2)	(10,701)
Recognition of equity-settled share-based payments (note 28)	–	–	41,144	–	–	–	–	41,144	–	41,144
Transfer	–	–	–	–	10,048	–	(10,048)	–	–	–
Incorporation of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	48,600	48,600
Issue of shares upon exercise of share options	30	4,450	(1,538)	–	–	–	–	2,942	–	2,942
Placing of shares	3,134	685,936	–	–	–	–	–	689,070	–	689,070
Transaction costs attributable to issue of shares	–	(9,928)	–	–	–	–	–	(9,928)	–	(9,928)
Issue of shares pursuant to scrip dividend scheme for 2014 final dividend	101	33,415	–	–	–	–	–	33,516	–	33,516
Dividends paid (note 12)	–	(53,454)	–	–	–	–	–	(53,454)	–	(53,454)
At 31 December 2015	10,627	737,306	47,483	32,141	101,483	270	517,172	1,446,482	48,598	1,495,080

notes:

(i) The capital reserve represents the sum of (a) RMB31,487,000 being the excess of the consideration paid by an independent investor to acquire 10% interest in the Group over the par value of the share capital subscribed; and (b) RMB654,000 being the excess of the share capital of a subsidiary acquired by the Company over the nominal consideration of US$1 paid, as part of the group reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 December 2012 (the "Listing").

(ii) According to the relevant laws of the People's Republic of China (the "PRC"), the Company's subsidiaries established in the PRC have to transfer a portion of their profits after taxation to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**7,004**	276,794
Adjustments for:		
Amortisation of intangible assets	**900**	362
Bank interest income	**(5,365)**	(2,340)
Depreciation of property, plant and equipment	**17,554**	14,795
Expenses and professional fees for acquisition projects and funding raising activities	**13,733**	–
Finance costs	**7,932**	8,104
(Gain) loss on disposals of property, plant and equipment	**(178)**	1,378
Release of deferred income	**(714)**	(714)
Release of prepaid lease payments	**435**	434
Share-based payments	**41,144**	6,434
Share of results of associates	**239**	400
Operating cash flows before movements in working capital	**82,684**	305,647
Increase in inventories	**(100,055)**	(13,978)
Increase in trade receivables, deposits and prepayments	**(115,469)**	(47,698)
Increase in trade deposits	**(7,439)**	(4,255)
Increase in trade and other payables	**72,314**	8,658
Increase (decrease) in customer receipts in advance	**1,010**	(8,022)
Cash (used in) generated from operations	**(66,955)**	240,352
Income tax paid	**(24,082)**	(35,950)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(91,037)**	204,402
INVESTING ACTIVITIES		
Placement of a pledged bank deposit	**–**	(20,100)
Placement of a short-term bank deposit	**(500,000)**	–
Investment to associates	**(63,637)**	(600)
Advance to an associate	**(39,610)**	–
Purchase of property, plant and equipment	**(24,484)**	(17,713)
Payment for expenses on acquisition projects	**(12,864)**	–
Purchase of intangible assets	**(2,548)**	(498)
Withdrawal of a pledged bank deposit	**20,100**	20,000
Interest received	**5,365**	2,340
Proceeds from disposals of property, plant and equipment	**283**	185
NET CASH USED IN INVESTING ACTIVITIES	**(617,395)**	(16,386)

	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES		
Proceeds from placing of shares	**473,984**	–
New bank borrowings raised	**130,000**	130,139
Capital contribution by non-controlling interests	**48,600**	–
Proceeds from issue of shares upon exercise of share options	**2,915**	–
Proceeds from receipts in advance for issue of shares	**–**	215,075
Repayment of bank borrowings	**(130,139)**	(129,947)
Dividends paid	**(20,039)**	(35,889)
Transaction costs attributable to issue of shares	**(10,797)**	–
Interest paid	**(7,932)**	(8,104)
NET CASH FROM FINANCING ACTIVITIES	**486,592**	171,274
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(221,840)**	359,290
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**740,434**	381,144
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**101**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**518,695**	740,434

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 July 2012 and its shares are listed on the Stock Exchange since 28 December 2012 (the "Listing").

The Company's immediate and ultimate parent is Rich Union Enterprises Limited ("Rich BVI"), a limited liability company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are (i) the manufacture of silver and other non-ferrous metals for sale and (ii) retail and wholesale of silver jewellery and collectibles in the PRC. Details of the principal activities of its subsidiaries are set out in note 35.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The International Accounting Standards Board has issued a number of amendments to International Accounting Standards ("IASs"), IFRSs and a new interpretation ("IFRIC") which are effective for the Group's financial year beginning on 1 January 2015 (hereinafter collectively referred to as the "New IFRSs"). The Group has adopted, for the first time, the New IFRSs in the current year.

The application of the New IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2013 – 2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for unrealized Losses[6]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after a date to be determined.
6 Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its return.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes are stated in the consolidated statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are dealt with as payments to defined contribution scheme where the Group's obligations under the schemes are equivalent to those arising in a defined contributed retirement benefit plan.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share options granted to directors and employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, amount due from an associate, pledged bank deposit and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method (Continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period ranging from 30 to 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the loans and receivables at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Consolidation of a structured entity

PRC laws and regulations limit foreign ownership for enterprises engaging in value-added telecommunication business, the Group operates its own online sales platform by means of setting up a Structured Entity (as defined in note 35(ii)) through entering into Contractual Agreements (as defined in note 35(ii)).

The directors of the Company assessed whether or not the Group has control over the Structured Entity based on whether or not the Group has power to direct the relevant activities of Structured Entity unilaterally, rights to variable returns from its involvement, and has the ability to use its power to affect its returns. In making their judgement, the directors of the Company considered the terms of the Contractual Agreements as detailed in note 35(ii).

The directors of the Company, after consulting legal opinion, are of the view that the terms of the Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the Structured Entity, despite the absence of formal legal equity interest held by the Group therein. Accordingly, Structured Entity is accounted for as consolidated structured entity of the Group.

In the opinion of the directors of the Company, with reference to opinion of legal counsel, the Contractual Arrangements are in compliance with existing PRC laws and regulations, valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects. However, uncertainties in the PRC legal system could cause the Group's current contractual arrangement structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the Company's ability to enforce its rights under the Contractual Arrangements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are disclosed below.

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The Group regularly reviews its inventory levels in order to identify slow-moving inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories.

Estimated allowance for trade receivables

Management regularly reviews the recoverability of trade receivables. Allowance for these receivables is made based on evaluation of collectability and on management's judgment by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness. If the actual future cash flows were less than expected, allowance may be required.

Estimated useful life of property, plant and equipment

Plant and machinery included in property, plant and equipment are depreciated over their useful economic lives. The assessment of estimated useful lives is a matter of judgment based on the experience of the Group's management, taking into account factors such as technological progress, conditions of the plant and machinery and changes in market demand. Useful lives are periodically reviewed for continued appropriateness.

Share-based payments

The Group recognises share-based compensation expense on options granted. Share-based compensation expense is based on the estimated fair value of each option at its grant date, the estimation of which requires management to make assumptions about future volatility of the Group's stock price, future interest rates and the timing with respect to exercise of the options. The effects of a change in one or more of these variables could result in a different fair value.

5. REVENUE AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers ("CODMs") (i.e. the executive directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

(i) manufacturing and sales of silver ingots and other non-ferrous metals in the PRC ("Manufacturing segment"); and

(ii) retailing and wholesaling of silver jewellery and collectibles through mainly online in the PRC ("O2O segment").

The Group's operating segments also represent its reportable segments.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2015

	Manufacturing segment RMB'000	O2O segment RMB'000	Segment total RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue					
External sales	871,320	835,345	1,706,665	–	1,706,665
Inter-segment sales*	287,364	–	287,364	(287,364)	–
Total segment revenue	1,158,864	835,345	1,994,029	(287,364)	1,706,665
Results					
Segment results	74,437	25,828	100,265		100,265
Non-segment items					
Unallocated income, expenses, gains and losses					(85,090)
Finance costs					(7,932)
Share of results of associates					(239)
Profit before tax					7,004

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2014

	Manufacturing segment RMB'000	O2O segment RMB'000	Segment total RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue					
External sales	1,231,498	291,218	1,522,716	–	1,522,716
Inter-segment sales*	206,781	–	206,781	(206,781)	–
Total segment revenue	1,438,279	291,218	1,729,497	(206,781)	1,522,716
Results					
Segment results	283,630	13,877	297,507		297,507
Non-segment items					
Unallocated income, expenses, gains and losses					(12,209)
Finance costs					(8,104)
Share of result of an associate					(400)
Profit before tax					276,794

* Inter-segment sales are charged at prevailing market rates.

Note: During the year, CODMs revisited the method of allocation of costs and expenses between the operating segment in light of the change in the development of the businesses. Accordingly, the segment results for the year ended 31 December 2014 were restated.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent profit earned by each segment, without allocation of central administrative expenses, certain other income, certain other gains and losses, finance costs and share of result of an associate. This is the measure reported to the Company's executive directors for the purposes of resource allocation and performance assessment.

Geographical information

The Group's revenue is derived from the PRC, based on the location of customers, and all of its non-current assets are located in the PRC, based on the geographical location of assets. Therefore, no geographical information is presented.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Analysis of revenue by products

An analysis of the Group's revenue by products is as follows:

	2015 RMB'000	2014 RMB'000
Manufacturing segment		
Silver ingot	**571,308**	744,712
Other metal by-products	**300,012**	486,786
	871,320	1,231,498
O2O segment		
Silver jewellery and collectibles	**835,345**	291,218
	1,706,665	1,522,716

No analysis of segment assets and liabilities is presented because the CODMs do not base on such analysis for resource allocation and performance assessment.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue is as follows:

	2015 RMB'000	2014 RMB'000
Customer A	**192,558**	N/A
Customer B (note)	**189,599**	N/A
Customer C	**185,231**	N/A
Customer D	**N/A**	253,197
Customer E	**N/A**	189,529
Customer F	**N/A**	183,619

Note: 11% of the Group's revenue in 2015 came from Customer B, 上海華通鉑銀交易市場有限公司 ("Shanghai Huatong"), an associate acquired by the Group in July 2015.

6a. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Bank interest income	**5,365**	2,340
Release of deferred income	**714**	714
Others	**124**	–
	6,203	3,054

6b. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Gain (loss) on disposals of property, plant and equipment	**178**	(1,378)
Net exchange gain	**12,180**	944
	12,358	(434)

7. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses mainly represent expenses for specific research, staff costs and technical consultation fees incurred for the enhancement of production techniques.

8. FINANCE COSTS

The amount represents interest on bank borrowings.

9. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
PRC Enterprise Income Tax ("EIT")		
– current year	**17,649**	46,786
– under(over)provision in respect of prior years	**147**	(18,510)
	17,796	28,276
Deferred taxation for the year (note 17)	**179**	178
	17,975	28,454

9. INCOME TAX EXPENSE (Continued)

The Group had no assessable profit subject to tax in any jurisdictions other than the PRC for both years.

Under the Law of the PRC on EIT (the "EIT Law") and its related implementation regulations, the Group's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% for both years, except that one of the major subsidiaries of the Company, Jiangxi Longtianyong Nonferrous Metals Co., Ltd. ("Longtianyong Nonferrous Metals"), has been recognised as a High and New Technology Enterprise by the PRC tax authorities on 25 March 2014 such that it is entitled to a concessionary tax rate of 15% for three consecutive years beginning from the year of 2013 and therefore an overprovision in prior year of approximately RMB18.5 million has been recognised in 2014.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **RMB'000**	2014 RMB'000
Profit before tax	**7,004**	276,794
Tax at the domestic income tax rate of 25%	**1,751**	69,199
Tax effect of expenses not deductible for tax purpose	**24,318**	8,726
Tax effect of share of results of associates	**60**	100
Tax effect of concessionary tax rate granted	**(12,646)**	(31,061)
Tax effect of tax loss not recognised	**4,345**	–
Under (over) provision in respect of prior years	**147**	(18,510)
Tax charge for the year	**17,975**	28,454

At the end of the reporting period, the Group has unused tax loss of RMB17,380,000 (2014: Nil) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders which is declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB693.2 million as at 31 December 2015 (2014: RMB607.6 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Details of a deferred tax asset recognised are set out in note 17.

10. (LOSS) PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000
(Loss) profit for the year has been arrived at after charging:		
Directors' emoluments (note 11)	**14,094**	4,745
Other staff costs		
– salaries and wages	**59,162**	42,077
– retirement benefit scheme contributions	**9,967**	7,826
– share-based payments, excluding those of directors and consultant	**37,167**	4,788
Total staff costs	**120,390**	59,436
Auditor's remuneration	**3,077**	1,347
Amortisation of intangible assets	**900**	362
Cost of inventories recognised as expenses	**1,531,853**	1,179,325
Depreciation of property, plant and equipment	**17,554**	14,795
Expenses and professional fees for acquisition projects and fund raising activities	**13,733**	–
Release of prepaid lease payments	**435**	434
Rental expenses	**7,036**	3,792
Share-based payment expenses in respect of consultancy services	**1,903**	–

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and Chief Executive's emoluments

	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2015					
Executive directors					
Mr. Chen Wantian (note i)	–	4,998	13	1,637	6,648
Mr. Song Guosheng	–	872	13	437	1,322
Mr. Chen Guoyu	–	703	–	–	703
Mr. Sung Kin Man (note ii)	–	4,804	80	–	4,884
	–	11,377	106	2,074	13,557
Independent non-executive directors					
Dr. Li Haitao	161	–	–	–	161
Dr. Jiang Tao (note iii)	159	–	–	–	159
Dr. Zeng Yilong	161	–	–	–	161
Mr. Guo Bin (note iv)	54	–	–	–	54
Mr. Song Hongbing (note v)	2	–	–	–	2
	537	–	–	–	537
Total	537	11,377	106	2,074	14,094

notes:

(i) Mr. Chen Wantian was resigned as chief executive officer in April 2015.

(ii) Mr. Sung Kin Man was appointed as chief executive director and executive director in April 2015.

(iii) Dr. Jiang Tao was resigned as independent non-executive director in December 2015.

(iv) Mr. Guo Bin was appointed as independent non-executive director in April 2015.

(v) Mr. Song Hongbing was appointed as independent non-executive director in December 2015.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' and Chief Executive's emoluments (Continued)

	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2014					
Executive directors					
Mr. Chen Wantian	–	1,041	11	1,235	2,287
Mr. Song Guosheng	–	873	11	411	1,295
Mr. Chen Guoyu	–	689	–	–	689
	–	2,603	22	1,646	4,271
Independent non-executive directors					
Dr. Li Haitao	158	–	–	–	158
Dr. Jiang Tao	158	–	–	–	158
Dr. Zeng Yilong	158	–	–	–	158
	474	–	–	–	474
Total	474	2,603	22	1,646	4,745

Employees

The Group's five highest paid individuals for the year ended 31 December 2015 included two (2014: two) directors of the Company. The emoluments of the remaining three (2014: three) individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and allowances	**8,381**	2,333
Share-based payments	**6,745**	1,391
Retirement benefit scheme contributions	**35**	36
	15,161	3,760

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees (Continued)

Their emoluments were within the following bands:

	2015 Number of employees	2014 Number of employees
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	–	2
HK$5,000,001 to HK$5,500,000	1	–
HK$6,000,001 to HK$6,500,000	1	–
HK$7,500,001 to HK$8,000,000	1	–
	3	3

No emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the both years. None of the directors waived any emolument during both years.

12. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Dividends recognised as distribution during the year:		
Interim dividend of HK$0.01 per share for the year ended 31 December 2015	10,625	–
Final dividend of HK$0.05 per share for the year ended 31 December 2014	42,829	–
Interim dividend of HK$0.02 per share for the year ended 31 December 2014	–	14,355
Final dividend of HK$0.03 per share for the year ended 31 December 2013	–	21,534
	53,454	35,889

No final dividend for the year ended 31 December 2015 was proposed since the end of the reporting period (2014: HK$0.05).

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015 RMB'000	2014 RMB'000
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company	(10,969)	248,340

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,229,474	906,186
Effect of dilutive potential ordinary shares:		
– Share options of the Company	–	2,101
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	1,229,474	908,287

In calculating the diluted loss per share for the year ended 31 December 2015, the potential issue of shares arising from the Company's share option would decrease the loss per share and was therefore not taken into account as they have an anti-dilutive effect.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST					
At 1 January 2014	142,216	85,017	2,946	6,107	236,286
Additions	–	15,008	2,339	366	17,713
Disposals	(76)	(2,555)	–	–	(2,631)
At 31 December 2014	142,140	97,470	5,285	6,473	251,368
Additions	8,484	10,680	1,766	3,554	24,484
Disposals	–	–	(77)	(1,845)	(1,922)
Exchange realignment	74	–	17	–	91
At 31 December 2015	150,698	108,150	6,991	8,182	274,021
DEPRECIATION					
At 1 January 2014	22,271	25,612	1,384	5,654	54,921
Provided for the year	6,142	8,026	517	110	14,795
Disposals	(21)	(1,047)	–	–	(1,068)
At 31 December 2014	28,392	32,591	1,901	5,764	68,648
Provided for the year	7,005	9,166	948	435	17,554
Disposals	–	–	(64)	(1,753)	(1,817)
Exchange realignment	4	–	–	–	4
At 31 December 2015	35,401	41,757	2,785	4,446	84,389
CARRYING VALUES					
At 31 December 2015	115,297	66,393	4,206	3,736	189,632
At 31 December 2014	113,748	64,879	3,384	709	182,720

The Group's buildings are erected on land held under medium-term land use rights in the PRC.

The above items of property, plant and equipment are depreciated on a straight-line method, at the following rates per annum:

Buildings	Over 20 years or the term of the relevant land lease, whichever is shorter
Plant and machinery	10%
Office equipment	20%
Motor vehicles	20%

15. PREPAID LEASE PAYMENTS

	2015	2014
	RMB'000	RMB'000
Analysed for reporting purposes as:		
Non-current asset	**18,568**	19,003
Current asset	**432**	432
	19,000	19,435

The amount represents prepayment for land use rights situated in the PRC for a period within 50 years.

16. INTANGIBLE ASSETS

	Patent	**System software**	**Total**
	RMB'000 (Note)	RMB'000	RMB'000
COST			
At 1 January 2014	6,000	–	6,000
Addition	–	498	498
At 31 December 2014	6,000	498	6,498
Addition	–	2,548	2,548
At 31 December 2015	6,000	3,046	9,046
AMORTISATION			
At 1 January 2014	693	–	693
Provided for the year	362	–	362
At 31 December 2014	1,055	–	1,055
Provided for the year	362	538	900
At 31 December 2015	1,417	538	1,955
CARRYING VALUE			
At 31 December 2015	4,583	2,508	7,091
At 31 December 2014	4,945	498	5,443

Note: The Group completed the acquisition of an intangible asset from an independent third party during the year ended 31 December 2012 for a consideration of RMB6,000,000. The intangible asset represents a patent for certain production techniques with a registered life up to August 2028. The intangible asset is amortised on a straight-line basis over the remaining useful life, i.e. 16.5 years.

17. DEFERRED TAX ASSET

The deferred tax asset is attributable to the deferred income as detailed in note 27 and movements thereon during the current and prior years:

	RMB'000
At 1 January 2014	2,485
Charged to profit or loss	(178)
At 31 December 2014	2,307
Charged to profit or loss	(179)
At 31 December 2015	2,128

18. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE

	2015 RMB'000	2014 RMB'000
Interests in associates		
Cost of unlisted investments in associates	**64,237**	600
Share of post-acquisition results	**(639)**	(400)
	63,598	200
Amount due from an associate (note)	**39,610**	–

note: The amount is unsecured, interest-free and repayable on demand.

Details of the Group's associates at the end of the reporting period is as follows:

Name of associate	Place of incorporation/ and operation	Particulars of registered capital	Proportion of nominal value of issued share capital held by the Group 2015	2014	Principal activities
Directly held					
浙江聯合文化藝術品交易有限公司 ("Zhejiang United Culture") (note i)	The PRC	RMB12,000,000	**30%**	N/A	Provision of platform for trading of cultural related products
上海華通白銀國際交易中心 ("Huatong International") (note ii)	The PRC	RMB50,000,000	**40%**	N/A	Provision of trading platform and related supportive service for trading of precious metals
Indirectly held					
深圳市大溪地科技有限公司 ("Shenzhen Daxidi") (note 35(ii))	The PRC	RMB6,000,000	**30%**	30%	Inactive
Shanghai Huatong (note iii)	The PRC	RMB50,000,000	**25%**	N/A	Provision of trading platform and related supportive service for trading of precious metals

notes:

(i) This company was established in August 2015.

(ii) This company was established in July 2015. The Group also indirectly held 13.5% effective equity interest in Huatong International through its associate, Shanghai Huatong.

(iii) This company was acquired from two independent third parties at total consideration of RMB40 million in July 2015. Subsequent to year ended 31 December 2015, the Group acquired the remaining 75% equity interest in the company. Details are set out in note 37 to the consolidated financial statements.

18. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE (Continued)

The summarised financial information below represents amount shown in the associates' financial statement prepared in accordance with IFRS.

All of the above associates are accounted for using equity method in these consolidated financial statements.

	2015					2014
	Shenzhen Daxidi RMB'000	Shanghai Huatong RMB'000	Zhejiang United Culture RMB'000	Huatong International RMB'000	Total RMB'000	Shenzhen Daxidi RMB'000
Current assets	587	87,993	11,219	49,860	149,659	2,074
Non-current assets	69	33,934	292	–	34,295	73
Current liabilities	–	(71,376)	(1,331)	–	(72,707)	(1,480)
The above amounts of assets and liabilities including the following:						
Cash and bank balances	587	2,672	10,655	12	13,926	2,046
Current financial liabilities (excluding trade and other payables and provision)	–	477	841	–	1,318	–
Revenue	–	158,506	9,027	–	167,533	–
(Loss) profit and total comprehensive expense for the year	(11)	1,614	(1,934)	(149)	(480)	(1,333)
The above (loss) profit for the year include the following:						
Depreciation and amortisation	15	506	34	–	555	87
Interest income	1	4	–	1	6	1
Interest expense	–	–	–	–	–	–
Income tax expense	–	389	–	–	389	–

18. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	2015					2014
	Shenzhen Daxidi RMB'000	Shanghai Huatong RMB'000	Zhejiang United Culture RMB'000	Huatong International RMB'000	Total RMB'000	Shenzhen Daxidi RMB'000
Net assets of the associates	656	50,551	10,180	49,860	111,247	667
Proportion of the Group's ownership interests in the associates	30%	25%	30%	40%	N/A	30%
Goodwill	–	27,765	–	–	27,765	–
Carrying amount of the Group's interests in the associates	197	40,403	3,054	19,944	63,598	200

19. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	129,680	46,034
Work in progress	41,785	54,717
Finished goods	64,982	35,639
	236,447	136,390

20. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Trade receivables	128,736	35,409
Deposits and prepayments	39,612	17,380
	168,348	52,789

Before accepting any new customer, other than those settling by cash or credit card, the Group assesses the potential customer's credit quality and defines its credit limits based on reputation of the customer in the industry. The Group generally grants its customers a credit period ranging from 30 to 90 days and requires advance deposits from its customers before delivery of goods.

20. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The aged analysis of the Group's trade receivables based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates is as follows:

	2015 RMB'000	2014 RMB'000
0 – 30 days	**126,873**	33,647
31 – 60 days	**1,526**	1,762
61 – 90 days	**337**	–
	128,736	35,409

Included in the Group's trade receivables amounting to RMB40,000 (2014: RMB1,762,000) which are past due at the reporting date for which the Group has not recognised impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience.

Ageing of trade receivables which are past due but not impaired

	2015 RMB'000	2014 RMB'000
31 – 60 days	**40**	1,762

The remaining trade receivables were neither past due nor impaired at the end of the reporting period. These receivables relate to customers that have a good repayment record with the Group. Majority of trade receivables that are neither past due nor impaired have no default payment history.

The Group does not hold any collateral over the above balances, but management considers that no impairment loss is necessary in view of the financial background of these customers and their subsequent repayments.

21. TRADE DEPOSITS

The amount represents trade deposits paid to suppliers.

22. PLEDGED BANK DEPOSIT/SHORT TERM BANK DEPOSIT/BANK BALANCES AND CASH

At 31 December 2014, pledged bank deposit of the Group represented a deposit pledged to a bank to secure short-term banking facilities granted to the Group and was therefore classified as a current asset. The pledged bank deposit was released upon the settlement of relevant bank borrowings.

Short-term bank deposit represents deposit with maturity of more than three months.

Bank balances and cash of the Group comprise cash and short-term bank deposits with maturity of three months or less.

The above pledged bank deposit and bank balances carry interest at prevailing market rates as follows:

	2015	2014
Range of interest rates per annum		
Pledged bank deposit	**–**	3.3%
Short-term bank deposit	**2%**	–
Bank balances	**0.001% – 0.380%**	0.001% – 0.385%

The above bank balances and cash that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2015	2014
	RMB'000	RMB'000
United States dollar	**2,811**	119
Hong Kong dollar	**12,141**	7,222
	14,952	7,341

23. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**61,402**	21,236
Other payables and accrued expenses (note)	**29,348**	16,231
Value-added tax and other taxes payables	**24,723**	5,821
	54,071	22,052
	115,473	43,288

note: At 31 December 2014, the balance included an amount of RMB12,000 due to a related party, who is the spouse of Mr. Chen Wantian ("Mr. Chen"), an executive director of the Company and has a beneficial interest in the Group. The amount represented certain operating expenses paid by the related party on behalf of the Group, and was unsecured, interest-free and repayable on demand. The amount was fully repaid during the year ended 31 December 2015.

The following is an aged analysis of the Group's trade payables present based on the invoice date at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
0 – 30 days	**45,839**	21,236
61 – 90 days	**13,536**	–
181 – 365 days	**2,027**	–
	61,402	21,236

The credit period of purchase of goods generally ranges from 20 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within credit timeframe.

24. CUSTOMER RECEIPTS IN ADVANCE

The amounts represent deposits received in advance of delivery of goods to customers.

25. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured bank borrowings carrying interest at fixed rates, repayable within one year and without a repayment on demand clause	**110,000**	130,139
Secured bank borrowing carrying interest at variable rate, repayable within one year and without a repayment on demand clause	**20,000**	–
	130,000	130,139

The range of effective interest rates of the Group's bank borrowings (which are also equal to contracted interest rates) during the year are as follows:

	2015	2014
Effective interest rates per annum	**3.71% – 5.1%**	3.71% – 6.16%

The above bank borrowings that are denominated in a currency other than functional currencies of the relevant group entities are set out below:

	2015 RMB'000	2014 RMB'000
United States dollar	**–**	20,139

Details of the Group's assets pledged to secure the above bank borrowings are set out in note 31.

26. SHARE CAPITAL

The share capital as at 31 December 2015 represents the issued share capital of the Company, details of which are set out below:

	Number of shares	Share capital	
		HK$'000	RMB'000
Ordinary share of HK$0.01 each:			
Authorised			
At 1 January 2014, 31 December 2014 and 31 December 2015	3,000,000,000	30,000	24,386
Issued			
At 1 January 2014 and 31 December 2014	906,186,000	9,062	7,362
Placing of new share (note i)	397,956,000	3,980	3,134
Exercise of share option (note ii)	3,850,000	39	30
Scrip dividend (note iii)	12,854,589	128	101
At 31 December 2015	1,320,846,589	13,209	10,627

notes:

(i) During the year ended 31 December 2015, the Company placed 180,000,000, 200,000,000, and 17,956,000 shares on 2 January 2015, 22 May 2015 and 1 June 2015, respectively. The net proceeds from the placings will be applied for the expansion of the Company's downstream silver retailing business, its potential upstream acquisitions and general working capital.

(ii) During the year ended 31 December 2015, share options were exercised to subscribe for 3,600,000 and 250,000 shares of the Company on 17 March 2015 and 16 December 2015, respectively. The share option exercise price was HK$0.96 per share.

(iii) During the year ended 31 December 2015, pursuant to the scrip dividend scheme which was announced by the Company on the 29 May 2015, the Company issued 12,854,589 new ordinary shares of HK$0.01 each in the Company to the shareholders, representing dividends in the aggregate amount of approximately HK$33,516,000, who elected to receive scrip dividend in respect of the final dividend for the year ended 31 December 2014.

27. DEFERRED INCOME

Since 2008, for the purpose of enhancing production efficiency and implementing more environmental friendly production technologies, the Group has invested approximately RMB137 million in a project for comprehensive use of scarce metal resources (稀有金屬資源綜合利用項目) in the form of buildings, warehouses, plant and machineries which are classified as property, plant and equipment of the Group (collectively referred to as the "PPE Investment").

The PPE Investment was a qualified project under a government-sponsored scheme and accordingly Jiangxi Development and Reform Commission (江西省發展和改革委員會) has agreed to grant a government subsidy of RMB10,000,000, of which RMB8,000,000 and RMB2,000,000 were received by Longtianyong Nonferrous Metals during the years ended 31 December 2011 and 31 December 2012, respectively. The subsidy will become unconditional and be recognised as income over the useful lives of the related assets upon fulfillment of two conditions as follows:

(i) The amount of PPE Investment would not be less than RMB128 million; and

(ii) Satisfactory final inspection by Jiangxi Development and Reform Commission.

The final inspection by Jiangxi Development and Reform Commission was carried out with a satisfactory result in December 2013. Accordingly, the Group started releasing the amount to income over the useful lives of the related assets since then. During the year ended 31 December 2015, an amount of RMB714,000 (2014: RMB714,000) was transferred to as other income.

28. SHARE OPTION SCHEME

(I) The Scheme

(a) The principal terms of the Company's share option scheme (the "Scheme") are set out below.

The Scheme was adopted pursuant to a resolution passed on 5 December 2012 for the primary purpose of providing incentives to eligible directors and employees, and will expire on 2 July 2023. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as consideration.

28. SHARE OPTION SCHEME (Continued)

(I) The Scheme (Continued)

(b) At 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 84,150,000 (2014: 39,000,000), representing 6.37% (2014: 4.30%) of the shares of the Company in issue at that date.

The following table discloses movements of Company's options under the Scheme held by the Group's directors, employees and consultants during the current and prior years:

Date of grant	Exercise price per share HK$	Outstanding at 1.1.2014	Granted during the year	Outstanding at 31.12.2014	Granted during the year	Exercised during the year	**Outstanding at 31.12.2015**
3 July 2013	0.96	12,000,000	–	12,000,000	–	(3,850,000)	**8,150,000**
20 August 2014	2.20	–	27,000,000	27,000,000	–	–	**27,000,000**
2 January 2015	1.80	–	–	–	49,000,000	–	**49,000,000**
		12,000,000	27,000,000	39,000,000	49,000,000	(3,850,000)	**84,150,000**
Exercisable at the end of the year				3,600,000			**11,700,000**

The 8,150,000 outstanding share options granted on 3 July 2013 with the exercise price of HK$0.96 per share are exercisable during the period from 3 July 2014 to 2 July 2023 in three batches, being:

- 3 July 2015 to 2 July 2023 (up to 60% of the share options granted are exercisable)
- 3 July 2016 to 2 July 2023 (all share options granted are exercisable)

The 27,000,000 outstanding share options granted on 20 August 2014 with exercise price at HK$2.20 per share are exercisable during the period from 20 August 2015 to 19 August 2024 in three batches, being:

- 20 August 2015 to 19 August 2024 (up to 30% of the share options granted are exercisable)
- 20 August 2016 to 19 August 2024 (up to 60% of the share options granted are exercisable)
- 20 August 2017 to 19 August 2024 (all share options granted are exercisable)

The 49,000,000 outstanding share options granted on 2 January 2015 with the exercise price of HK$1.80 per share are exercisable during the period from 2 January 2016 to 1 January 2025 in three batches, being:

- 2 January 2016 to 1 January 2025 (up to 30% of the share options granted are exercisable)
- 2 January 2017 to 1 January 2025 (up to 60% of the share options granted are exercisable)
- 2 January 2018 to 1 January 2025 (all share options granted are exercisable)

28. SHARE OPTION SCHEME (Continued)

(I) The Scheme (Continued)

(b) (Continued)

The closing prices of the Company's shares immediately before 3 July 2013, 20 August 2015 and 1 January 2015, the dates of grant, were HK$0.95, HK$2.2 and HK$1.80 respectively.

The following table discloses movements of the Company's share options held by directors employees and consultants under the Scheme during the current and prior years:

Eligible participants	Outstanding at 1.1.2014	Granted during the year	Outstanding at 31.12.2014	Granted during the year	Exercised during the year	**Outstanding at 31.12.2015**
Directors	5,000,000	2,700,000	7,700,000	–	(1,500,000)	**6,200,000**
Employees	7,000,000	24,300,000	31,300,000	44,000,000	(2,350,000)	**72,950,000**
Consultant	–	–	–	5,000,000	–	**5,000,000**
	12,000,000	27,000,000	39,000,000	49,000,000	(3,850,000)	**84,150,000**
Exercisable at the end of the year			3,600,000			**11,700,000**

(c) The estimated fair values of the options granted on 20 August 2014 amounted to RMB20,412,000. These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2014
Weighted average share price	HK$2.20
Exercise price	HK$2.20
Expected volatility	54.10%
Expected life	10 years
Risk-free rate	1.88%
Expected dividend yield	2.27%

Expected volatility was determined by using the historical volatility of the Company's comparables over the previous 10 years. The expected life used in the model has been developed based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

28. SHARE OPTION SCHEME (Continued)

(I) The Scheme (Continued)

(d) The estimated fair values of the options granted on 2 January 2015 amounted to RMB27,786,000. The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	2015
Weighted average share price	**HK$1.77**
Exercise price	**HK$1.80**
Expected volatility	**60.94%**
Expected life	**10 years**
Risk-free rate	**1.90%**
Expected dividend yield	**5.26%**

Expected volatility was determined by using the historical volatility of Company's comparables over the previous 10 years. The expected life used in the model has been developed based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

(e) The Group recognised the total expense of RMB26,941,000 for the year ended 31 December 2015 (2014: RMB6,434,000) in relation to share options granted by the Company under the Scheme.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

(II) The New Scheme

(a) The principal terms of the Company's new share option scheme (the "New Scheme") are set out below.

The New Scheme was adopted pursuant to a resolution passed on 21 April 2015 for the primary purpose of providing incentives to eligible directors and employees, and will expire on 26 August 2025. Under the New Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

28. SHARE OPTION SCHEME (Continued)

(II) The New Scheme (Continued)

(a) (Continued)

The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as consideration.

(b) At 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the New Scheme was 108,000,000, representing 8.18% of the shares of the Company in issue at that date.

The following table discloses movements of Company's options under the New Scheme held by the Group's employees during the current and prior years:

Date of grant	Exercise price per share HK$	Outstanding at 1.1.2014	Granted during the year	Outstanding at 31.12.2014	Granted during the year	Exercised during the year	**Outstanding at 31.12.2015**
27 August 2015	1.97	–	–	–	108,000,000	–	**108,000,000**
Exercisable at the end of the year				–			**–**

The 108,000,000 outstanding share options granted on 27 August 2015 with the exercise price of HK$1.97 per share are exercisable during the period from 27 August 2016 to 26 August 2025 in two batches, being:

- 27 August 2016 to 26 August 2025 (up to 50% of the share options granted are exercisable)
- 27 August 2017 to 26 August 2025 (all share options granted are exercisable)

The closing prices of the Company's shares immediately before 27 August 2015 was HK$1.87.

28. SHARE OPTION SCHEME (Continued)

(II) The New Scheme (Continued)

(b) (Continued)

The following table discloses movements of the Company's share options held by employees under the New Scheme during the current and prior years:

Eligible participants	Outstanding at 1.1.2014	Granted during the year	Outstanding at 31.12.2014	Granted during the year	Exercised during the year	**Outstanding at 31.12.2015**
Employees	–	–	–	108,000,000	–	**108,000,000**
Exercisable at the end of the year			–			**–**

(c) The estimated fair values of the options granted on 27 August 2015 amounted to RMB56,563,000. These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2015
Weighted average share price	**HK$1.86**
Exercise price	**HK$1.97**
Expected volatility	**55.48%**
Expected life	**10 years**
Risk-free rate	**1.75%**
Expected dividend yield	**5.29%**

Expected volatility was determined by using the historical volatility of the Company's comparables over the previous 10 years. The expected life used in the model has been developed based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

(d) The Group recognised the total expense of RMB14,203,000 for the year ended 31 December 2015 (2014: Nil) in relation to share options granted by the Company under the New Scheme.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

29. RETIREMENT BENEFIT PLAN

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local government in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this scheme is to make the specified contributions.

The total expense recognised in profit or loss amounting to RMB10,073,000 (2014: RMB7,848,000) represents contributions paid or payable to the above schemes by the Group during the year.

30. RELATED AND CONNECTED PARTY DISCLOSURES

(i) Related party transaction

The Group entered into the following transaction with a related party:

Name of company	Relationship	Nature of transaction	2015 RMB'000	2014 RMB'000
Shanghai Huatong (note)	Associate	Sale of silver ingots	**121,442**	–

Note: The Group acquired 25% equity interest in Shanghai Huatong in July 2015. The amount represents the sale to Shanghai Huatong subsequent to the acquisition.

(ii) Related party balance

Details of a related party balance are set out in note 18.

(iii) Compensation of key management personnel

The emoluments of directors and members of key management of the Group are as follows:

	2015 RMB'000	2014 RMB'000
Short-term benefits	**19,889**	5,929
Post-employment benefits	**151**	66
Share-based payments	**7,309**	2,597
	27,349	8,592

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

30. RELATED AND CONNECTED PARTY DISCLOSURES (Continued)

(iv) Connected person transaction

During the year ended 31 December 2014, the Group invested in an associate through the Structured Entity as detailed in note 35(ii). One of the ultimate shareholders of the associate was a substantial shareholder of the Company and thus the formation of this associate was considered as a connected person transaction pursuant to the Listing Rules. Further details of the transaction are set out in the Company's announcement dated 20 May 2014.

31. PLEDGE OF ASSETS

At the end of the reporting period, assets with the following carrying amounts were pledged to secure the general banking facilities granted to the Group.

	2015 **RMB'000**	2014 RMB'000
Buildings	**63,860**	67,426
Prepaid lease payments – land use rights	**10,918**	11,175
Inventories	**118,895**	66,918
Bank deposit	**–**	20,100
	193,673	165,619

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the companies comprising the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings as disclosed in note 25, net of cash and cash equivalents and equity, comprising share capital and various reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will take appropriate actions to balance its overall capital structure.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,150,335**	795,929
Financial liabilities		
Amortised cost	**193,658**	154,669

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, amount due from an associate pledged bank deposit, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets (i.e. bank balances) and monetary liabilities (i.e. bank borrowings) at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Hong Kong dollar	**12,141**	7,222	**–**	–
United States dollar	**2,811**	119	**–**	20,139

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currencies against RMB. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. A positive/negative number below indicates a decrease/an increase in post-tax loss (2014: an increase/a decrease in post-tax profit) where the relevant foreign currency strengthens 5% (2014: 5%) against RMB. For a 5% (2014: 5%) weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the post-tax profit.

	Hong Kong dollar		United States dollar	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Post-tax profit or loss	**455**	360	**105**	(1,001)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate bank deposit (see note 22 for details) and fixed-rate bank borrowings (see note 25 for details).

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances and variable-rate bank borrowing.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank balances and variable-rate bank borrowing at the end of the reporting period. The analysis is prepared assuming the bank balances variable-rate bank borrowing balance outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2014: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2014: 25 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would decrease/increase (2014: post-tax profit increase/decrease) by RMB916,000 (2014: RMB1,376,000).

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk in relation to its trade receivables as follows:

	2015	2014
Amount due from the largest debtor as a percentage to total trade receivables	69%	28%
Total amount due from the five largest debtors as a percentage to total trade receivables	90%	88%

The Group has implemented the following procedures to minimise its credit risk:

(i) A delegated team is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

(ii) Because of the nature of the Group's products, the Group generally requires a substantial amount of customer deposit in advance of delivery of goods.

(iii) Management regularly visits the Group's key customers to understand their latest financial position and to ensure that there is no dispute on the amounts due.

(iv) Management reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Company consider that the Group's credit risk on trade receivables is significantly reduced. In addition, the Group keeps exploring new customers to diversify and strengthen its customer base and thus, reduce the concentration of credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	On demand or less than 1 month	1 – 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2015						
Trade and other payables	–	63,658	–	–	63,658	63,658
Bank borrowings – fixed rate	4.83	–	–	135,529	135,529	130,000
		63,658	–	135,529	199,187	193,658
As at 31 December 2014						
Trade and other payables	–	24,560	–	–	24,560	24,560
Bank borrowings – fixed rate	5.78	–	–	137,309	137,309	130,139
		24,560	–	137,309	161,869	154,699

(c) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with most significant inputs being the discount rate that reflects the credit risk of counterparties.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

34. OPERATING LEASES

Minimum lease payments paid to third parties under operating lease during the year in respect of the Group's rented office premises amounted to RMB7,036,000 (2014: RMB3,792,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**11,331**	4,881
In the second to fifth years inclusive	**4,946**	6,996
	16,277	11,877

Operating leases payments represent rentals paid or payable by the Group for certain of its offices. Leases are negotiated for terms of one to three years and rentals are fixed during the lease period.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Company has equity interests in the following subsidiaries:

Name of subsidiary	**Place of incorporation/ establishment**	**Issued and fully paid share capital/ registered capital**	**Attributable equity interest held by the Company**		**Principal activities**	**Form of company**
			2015	2014		
Directly owned						
China Silver Holdings Limited	The BVI	Ordinary shares US$100,000	**100%**	100%	Investment holding	Limited liability
China Silver Jewellery Group Limited 中國白銀珠寶集團有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Investment holding	Limited liability
Shenzhen Guoyintongbao Limited* 深圳國銀通寶有限公司	The PRC	Registered capital RMB50,000,000	**100%**	100%	Retail and wholesale of silver jewellery and collectibles	Wholly foreign owned
CSMall Holdings Limited 金貓銀貓控股有限公司	The BVI	Ordinary shares US$50,000	**100%**	–	Inactive	Limited liability
China Silver Financial Group Limited 中國白銀金融集團有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	–	Investment holding	Limited liability

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company 2015	2014	Principal activities	Form of company
Indirectly owned						
China Silver Co., Limited 中國白銀有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Investment holding	Limited liability
Zhejiang Fuyin Silver Co., Ltd.* 浙江富銀白銀有限公司	The PRC	Registered capital US$20,000,000	**100%**	100%	Investment holding and trading of silver ingots	Wholly foreign owned
Longtianyong Nonferrous Metals* 江西龍天勇有色金屬有限公司	The PRC	Registered capital RMB110,000,000	**100%**	100%	Manufacture of silver and non-ferrous metals for sale	Wholly foreign owned
Jiangxi Jiyin Company Limited* 江西吉銀實業有限公司	The PRC	Registered capital US$8,000,000	**100%**	100%	Inactive	Wholly foreign owned
Shenzhen Guojintongbao Limited* 深圳國金通寶有限公司	The PRC	Registered capital RMB50,000,000#	**100%**	100%	Inactive	Wholly foreign owned
Shenzhen Yinruiji Cultural Development Company Limited* 深圳銀瑞吉文化發展有限公司	The PRC	Registered capital RMB1,000,000	**note ii**	note ii	Provision of internet services	Limited liability
江西金貓銀貓支付有限公司	The PRC	Registered capital RMB108,000,000	**55%**	–	Inactive	Limited liability
CS Jewellery International Limited 金貓銀貓珠寶國際有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	–	Inactive	Limited liability

* English translated names are for identification only.

\# At 31 December 2015, capital injection to the entity was not yet started.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

notes:

(i) None of the subsidiaries had issued any debt securities outstanding at the end of the year or at any time during the year.

(ii) **Consolidated structured entity**

PRC laws and regulations restrict foreign investors from owning more than 50% equity interest in any enterprise engaged in value-added telecommunication business (the "Restricted Business").

During the year ended 31 December 2014, the Group decided to step into online retailing and wholesaling business and set up its own online sales platform which is categorised under the Restricted Business. Therefore, 深圳銀瑞吉文化發展有限公司 (the "Structured Entity") was established and under the legal ownership of two independent third parties. A series of agreements (the "Contractual Arrangements") were entered into between the Group and the legal owners on 20 May 2014.

The Contractual Arrangements comprised of (a) option agreement, (b) proxy agreement, (c) consultancy and services agreement and (d) share pledge agreement. Key provisions of the Contractual Arrangements are as follows:

Option Agreement

The Group, the Structured Entity and the legal owners entered into an exclusive option agreement (the "Option Agreement") whereby the legal owners have irrevocably and unconditionally agree, to the extent permitted under the laws of the PRC, to transfer to the Group or any other entities or persons designated by the Group their equity interests in the Structured Entity. The Group may exercise, at its sole discretion, its rights at any time and in any manner permitted under the laws of the PRC. The exercise price of the rights payable to each of the legal owners is the lower of (a) the amount of registered capital contributed by the respective legal owner in accordance with their respective percentage of equity interest in the Structured Entity and (b) the lowest price permitted under the laws of the PRC. The entire consideration received by the legal owners in exercising the option would be transferred to the Group within 10 days.

The Option Agreement will be terminated when all the rights and assets in the Structured Entity are transferred to the Group and/or other entities or persons designated by the Group in accordance with the terms of the Option Agreement and the laws of the PRC.

Proxy Agreement

The Group, the Structured Entity and the legal owners entered into a proxy agreement (the "Proxy Agreement") whereby the legal owners have irrevocably undertake that they will authorise persons designated by the Group to exercise on their behalf the rights as a shareholder of the Structured Entity under the articles of association of the Structured Entity, including but not limited to (a) the right to convene and attend shareholders' meeting; and (b) the right to vote as shareholders.

The Proxy Agreement will be valid until terminated in writing by all parties.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

notes: (Continued)

(ii) **Consolidated structured entity (Continued)**

Consultancy and Services Agreement

The Group and the Structured Entity entered into an exclusive consultancy and services agreement ("Consultancy and Service Agreement") whereby the Structured Entity engages the Group on an exclusive basis to provide consultancy services in relation to technology approval (技術審批), technology support, technology consultation and other related corporate consultation services.

In consideration of the provision of the aforementioned services by the Group, the Structured Entity will pay the Group (a) a service fee equivalent to the entire profit after taxation of the Structured Entity, with calculation in accordance to IFRSs, after setting off any accumulated loss after taxation in the prior years; and (b) another service fee agreed separately between the Structured Entity and the Group for specific technology services provided by the Group on the request of the Structured Entity.

The Consultancy and Service Agreement will be valid until terminated in writing by both parties or in accordance with the requirements by the laws of the PRC.

Share Pledge Agreement

The Group, the Structured Entity and the legal owners entered into a share pledge agreement (the "Share Pledge Agreement") whereby the legal owners have irrevocably and unconditionally agree that the Group shall be entitled to enforce the pledge in accordance with the terms of the Share Pledge Agreement.

The Share Pledge Agreement will remain in effect until the later to occur of the following: (a) all of the obligations of the legal owners and the Structured Entity under the Option Agreement, the Consultancy and Services Agreement and the Proxy Agreement are satisfied in full or (b) all the direct, indirect or incidental loss suffered by the Group as a result of the breach by the legal owners or the Structured Entity under the Option Agreement, the Proxy Agreement and/or the Consultancy and Services Agreement has been discharged in full.

The directors of the Company, after consulting their legal counsel, are of the view that the Contractual Arrangements are in compliance with existing PRC laws and regulations and are valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material aspects. The Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the Structured Entity despite the absence of formal legal equity interest held by the Group therein and the legal owners are, in substance, the nominees of the Group. Accordingly, the Structured Entity is accounted for as a consolidated structured entity of the Group.

The Structured Entity is principally engaged in operation of online sales platform in the PRC.

In addition, the Structured Entity entered into agreements with three other parties to set up 大溪地 in the PRC. The Structured Entity owns 30% interest in Shenzhen Daxidi and represents the largest shareholder amongst all the shareholders. The directors assessed whether or not the Group has significant influence over Shenzhen Daxidi based on the voting rights of respective shareholders and the Group's ability to influence the relevant activities of Shenzhen Daxidi which are determined at the level of its shareholders' meetings and concluded that the Group has significant influence over Shenzhen Daxidi. Accordingly, it is classified as an associate of the Group. During the year, Shenzhen Daxidi was inactive.

36. FINANCIAL POSITION OF THE COMPANY

	NOTE	**2015 RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries			
– Unlisted investment, at cost		**120,728**	50,126
Amount due from a subsidiary		**25,350**	–
Interests in associates		**23,637**	–
		169,715	50,126
CURRENT ASSETS			
Amounts due from subsidiaries		**556,997**	212,769
Bank balances		**11,107**	6,329
		568,104	219,098
CURRENT LIABILITY			
Other payables		**3,267**	1,465
Amount due to a subsidiary		**326**	–
		3,593	1,465
NET CURRENT ASSETS		**564,511**	217,633
TOTAL ASSETS LESS CURRENT LIABILITY		**734,226**	267,759
CAPITAL AND RESERVES			
Share capital (note 26)		**10,627**	7,362
Share premium and reserves	(i)	**723,599**	45,322
TOTAL EQUITY		**734,226**	52,684
NON-CURRENT LIABILITY			
Receipts in advance for subscription of new shares		**–**	215,075
TOTAL EQUITY AND NON-CURRENT LIABILITY		**734,226**	267,759

36. FINANCIAL POSITION OF THE COMPANY (Continued)

note:

(i) Movements in share premium and reserves:

	Share premium RMB'000	Share options reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	112,776	1,443	(31,115)	83,104
Loss and total comprehensive expense for the year	–	–	(8,327)	(8,327)
Recognition of equity-settled share-based payments (note 28)	–	6,434	–	6,434
Dividends paid (note 12)	(35,889)	–	–	(35,889)
At 31 December 2014	76,887	7,877	(39,442)	45,322
Loss and total comprehensive expense for the year	–	–	(21,748)	(21,748)
Recognition of equity-settled share-based payments (note 28)	–	41,144	–	41,144
Issue of shares upon exercise of share options	4,450	(1,538)	–	2,912
Placing of shares	685,936	–	–	685,936
Transaction costs attributable to issue of shares	(9,928)	–	–	(9,928)
Issue of shares pursuant to scrip dividend scheme for 2014	33,415	–	–	33,415
Dividends (note 12)	(53,454)	–	–	(53,454)
At 31 December 2015	737,306	47,483	(61,190)	723,599

37. EVENT AFTER THE REPORTING PERIOD

(a) Issuance of ordinary shares

On 22 January 2016, the Company allotted and issued 50,000,000 placing shares to FIL Investment Management (Hong Kong) Limited, an independent third party, at the placing price of HK$1.7 per share (the "Placing"). The net proceed from the Placing (after deducting the placing commission and other expenses incurred in the Placing) was approximately HK$84,000,000 and will be used for general working capital and other potential investments.

(b) Completion of acquisition of the remaining 75% equity interest in an associate

On 11 December 2015, the Company entered into a Sale and Purchase Agreement with Silver Universe Investment Limited (the "Vendor"), pursuant to which the Company has conditionally agreed to acquire the entire equity interests in Ultimate Deal Group Limited (the "Target Company") from the Vendor. The consideration is of not more than RMB625 million and not less than RMB125 million, which is to be determined based on the actual performance of the Target Company.

The conditions of the transaction were fulfilled and the completion of the transaction took place on 1 February 2016. The transaction will be accounted for using the purchase method and the assessment of the financial impact is in the process.

Upon completion of the transaction, the Group holds 100% equity interest in Shanghai Huatong. Shanghai Huatong is the operator of an integrated precious metals and non-ferrous metals exchange in the PRC, which is categorised as a restricted business.

The Group has entered into a series of contractual agreements (the "VIE Agreements") with Shanghai Huatong. Pursuant to the VIE agreements, the Company is able to gain control over the financing and business operations of Shanghai Huatong, and to be entitled to the economic interest and benefits of Shanghai Huatong. Hence, Shanghai Huatong is recognised as a subsidiary of the Company.

Further details of the acquisition are set out in the announcements of the Company dated on 11 December 2015, 25 January 2016 and 1 February 2016.

RESULTS

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Revenue	984,172	1,540,039	1,506,963	1,522,716	**1,706,665**
Profit before tax	154,858	220,552	180,123	276,794	**7,004**
Income tax expense	(39,448)	(62,810)	(48,785)	(28,454)	**(17,975)**
Profit (loss) for the year	115,410	157,742	131,338	248,340	**(10,971)**
Attributable to					
– Owners of the Company	115,410	157,742	131,338	248,340	**(10,969)**
– Non-controlling interests	–	–	–	–	**(2)**
	115,410	157,742	131,338	248,340	**(10,971)**

ASSETS AND LIABILITIES

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Total assets	379,092	587,805	738,651	1,165,051	**1,757,221**
Total liabilities	(132,550)	(193,501)	(203,645)	(411,160)	**(262,141)**
Total equity	246,542	394,304	535,006	753,891	**1,495,080**
Equity attributable to					
owners of the Company	246,542	394,304	535,006	753,891	**1,446,482**
Non-controlling interests	–	–	–	–	**48,598**
	246,542	394,304	535,006	753,891	**1,495,080**