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中國白銀集團
CHINA SILVER GROUP

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 815

Interim Report 2016

Fully-Integrated Silver and Precious Metals Enterprise

CONTENTS

CORPORATE INFORMATION

Executive directors

Chen Wantian (陳萬天)
Sung Kin Man (宋建文)
Song Guosheng (宋國生)
Chen Guoyu (陳國裕)

Independent non-executive directors

Guo Bin (郭斌)
Song Hongbing (宋鴻兵)
Li Haitao (李海濤)
Zeng Yilong (曾一龍)

Audit committee

Zeng Yilong (Chairman)
Song Hongbing
Li Haitao

Remuneration committee

Li Haitao (Chairman)
Chen Wantian
Song Hongbing

Nomination committee

Chen Wantian (Chairman)
Song Hongbing
Li Haitao

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

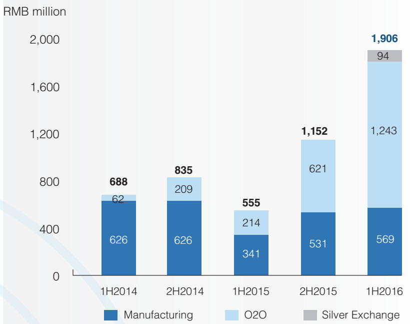
Cayman Islands law:
Conyers Dill & Pearman

Investors and media relations

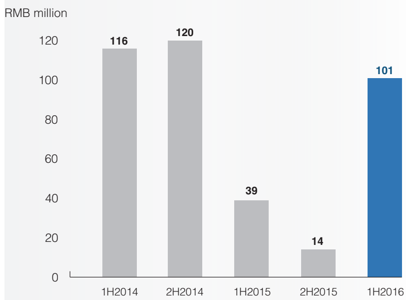
Hill and Knowlton Strategies

FINANCIAL HIGHLIGHTS

Consolidated Revenue

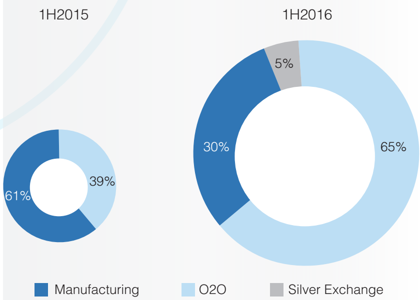


Adjusted Profit Attributable to Owners of the Company*

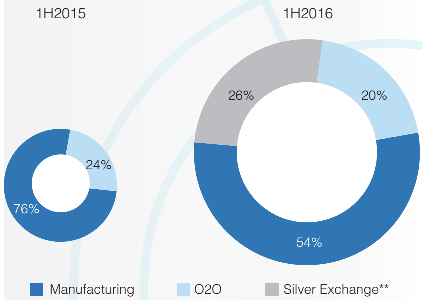


* Excluding non-cash share option expenses and one-off items

Revenue Breakdown

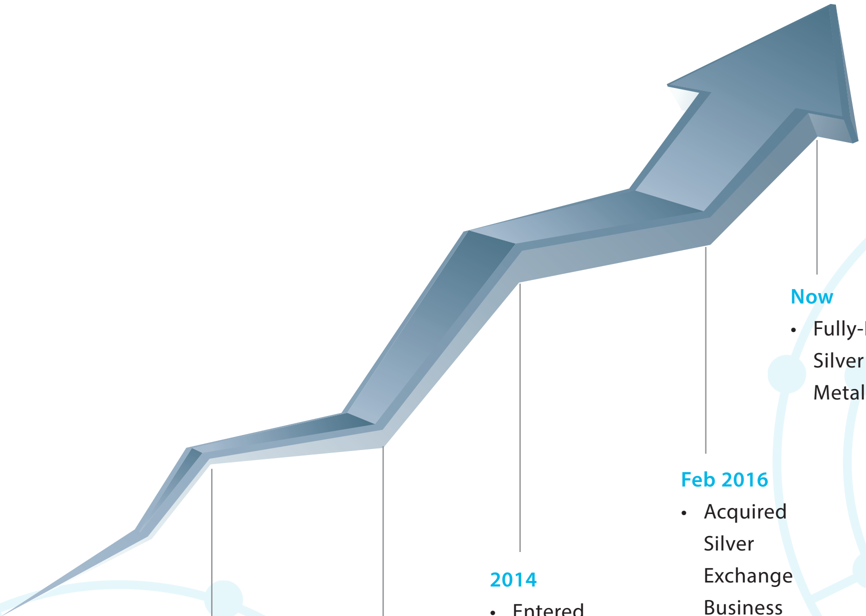


Segment Profit Breakdown



** Excluding one-off net gain resulting from the Shanghai Huatong acquisition

THE MILESTONE OF CHINA SILVER GROUP LIMITED



2002
- Silver Manufacturing

2012
- IPO in Hong Kong

2014
- Entered O2O Business

Feb 2016
- Acquired Silver Exchange Business

Now
- Fully-Integrated Silver and Precious Metals Enterprise

SELECTED BRANDS AND PRODUCTS

Zun Fan Pure Silver Jewelleries (尊梵足銀)






Guo Yin Tong Bao Silver Collectibles (國銀通寶)






Business Review

The first half of 2016 was another major step forward for China Silver Group Limited (the "Company") and its subsidiaries (collectively, the "Group"). The directors of the Company (the "Directors") are delighted to report our remarkable progress in becoming a leading fully-integrated silver and precious metals enterprise in the People's Republic of China (the "PRC").

In 2014, we diversified from the traditional manufacturing business to the downstream O2O business and by leveraging our strength and resources in the upstream business as well as effective implementation of our strategies, the O2O business continued to grow rapidly since its launch. Throughout the first half of 2016, the O2O segment achieved outstanding performance by implementing a series of business initiatives and marketing campaigns. The aggregate sales in the O2O segment amounted to RMB1,243 million, representing approximately 65.2% of our total revenue (2015 1H: 38.6%), a significant increase of approximately 481% as compared to the last period. The O2O segment has now become the major revenue contributor to the Group.

In February 2016, the Group further expanded the downstream business by completing the acquisition of 75% 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 silver exchange platform in the PRC. Upon completion of the acquisition, Shanghai Huatong has become a wholly-owned subsidiary of the Company. This newly-acquired silver exchange business contributed a remarkable segment profit of RMB39.9 (excluding a one-off net gain of RMB22.7 million) million during current period. We are confident that this new business will bring positive return to the Group.

Excluding non-cash share option expenses of RMB29.0 million and a one-off net gain resulting from the Shanghai Huatong acquisition of RMB22.7 million, adjusted net profit attributable to owners of the Company amounted to approximately RMB101 million.

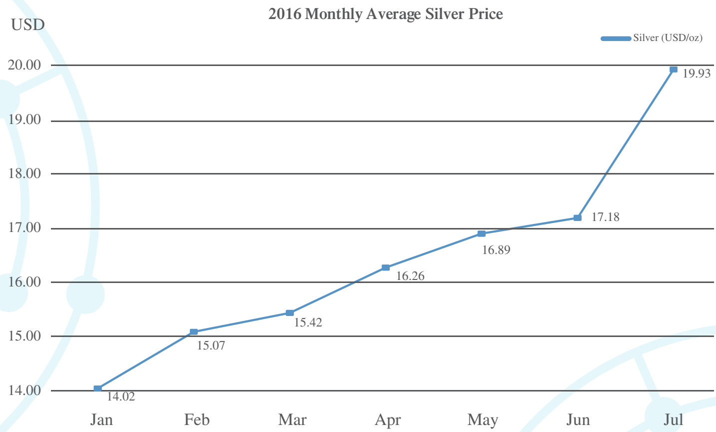
Our long-term vision is to become a leading fully-integrated silver and precious metals enterprise in the PRC. Together with the rapid growth in the O2O business and the silver exchange business, we are moving full speed towards this goal.

* *For identification purpose only*

Manufacturing Business

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

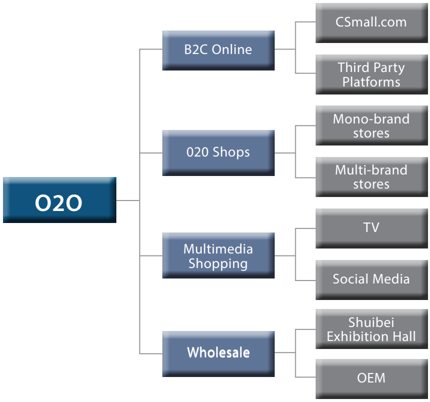
The Group applied a proprietary production model to manufacture high quality silver and other non-ferrous metals. During the first half of 2016, we sold 149 tonnes of silver ingot to our customers and used 55 tonnes of silver ingot for our downstream O2O business. Since the beginning of 2016, the global commodity market showed signs of recovery. As such, the average selling price of our silver ingots increased modestly due to rebound in the international silver price. The graph below shows the change in international silver price quoted on the London Bullion Market Association (LBMA) from January 2016 to July 2016:



Source: The London Bullion Market Association

While the manufacturing business will benefit from the strong recovery of international silver price starting from June 2016, we expect the traditional manufacturing business will play a less significant role in the Group's overall performance in the future with both the rapid growth in the O2O business and the silver exchange business.

O2O Business

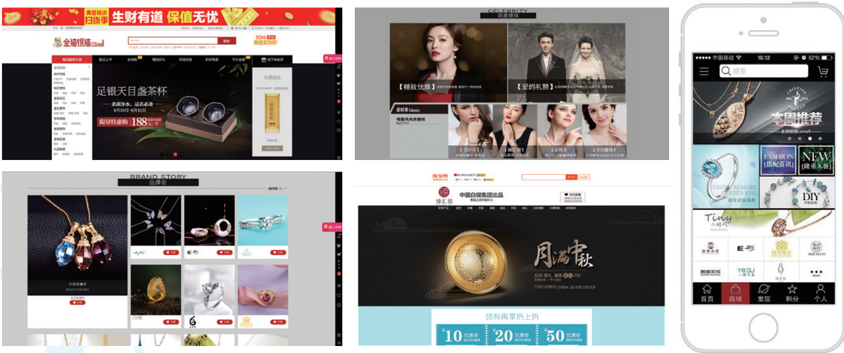


As a new joiner in the downstream retail business, we fully understand the importance of the use of technology and the revolutionary changes brought by the internet. Therefore, we decided to adopt a revolutionary approach by applying an innovative O2O model to enter the downstream retail business. During the period, we achieved outstanding results in the O2O segment. Aggregate sales in the O2O segment amounted to RMB1,243 million, representing approximately 65.2% of our total revenue (2015 1H: 38.6%), an increase of over five times the revenue in the first half of 2015.

B2C online

B2C online sales experienced significant growth in the first half of 2016 and now represents approximately 70% of sales in the O2O segment. As of 30 June 2016, our online sales platform, www.CSmall.com (金貓銀貓) surpassed 2.9 million registered members, with 33.6 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 over 130 self-owned and third party brands which offers a comprehensive range of products to customers.

Apart from developing our self-owned sales platform, we also cooperated with third party platforms such as Tmall, JD, Suning, Gome, Yihaodian and WeChat Social Distribution accounts to distribute our products online.



O2O shops

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

In view of the highly-fragmented jewellery 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 the first half of 2016, we opened approximately 20 outlets, including 11 CSmall stores. As of 30 June 2016, we have over 130 outlets across the PRC with presence in Anhui, Beijing, Guangdong, Hebei, Heilongjiang, Henan, Hubei, Hunan, Inner Mongolia, Jiangsu, Jiangxi, Liaoning, Shandong, Shanxi, Shaanxi, Shanghai, Tianjin, Xinjiang, Yunnan and Zhejiang. In January 2016, we opened our first overseas O2O shop in Taipei to explore the international market.

Presence of O2O shops across the PRC

Shop Distribution

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

- As of 30 June 2016, we have over 130 shops in 21 provinces and cities in the PRC



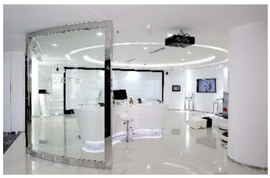
- Photos of O2O shops

Multimedia shopping

We are currently cooperating with a total of 23 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.

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 different demands. For example, we partnered with banking institutions like Bank of Ganzhou to distribute tailored silver collectibles to high-net-worth customers through their bank branches across the PRC.



Silver Exchange Business

To fulfil our long term goal of becoming a leading fully-integrated silver and precious metals enterprise, we completed the acquisition of 75% equity interest in Shanghai Huatong in February 2016.

Shanghai Huatong is an operator of an integrated silver exchange platform 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 one of the authoritative web portals 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.

Following a series of upgrade and optimization of new systems, Shanghai Huatong achieved a remarkable result by contributing segment revenue of RMB93.6 million and segment profit of RMB39.9 million (excluding a one-off net gain of RMB22.7 million) in the first half of 2016. Since it was merely a five-month period after we took full control, we are confident that this newly acquired business will continue to grow rapidly in the future and become one of the core revenue and profit contributors to the Group.

Furthermore, to facilitate our international ambition, we signed a memorandum of understanding with the government authority on commodities in Dubai to jointly establish a central registry for a commodity ownership and financing platform in the Shanghai free trade zone.

Marketing Campaigns

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

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. In March 2016, we established cooperation with one of the PRC's most popular health care mobile apps, Jian Yue (「減約」), to promote our online sales platform. In May 2016, we became the official sponsor of one of the largest basketball competitions in the PRC, National Basketball League (NBL), to promote our brands and products. In June 2016, we became the official sponsor of the biggest movie award presentation in the PRC, The 16th China Ornamental Column Awards (第16屆中國電影華表獎). During the ceremony, we hosted a lucky draw with CCTV, which allowed the audience from all over the PRC to participate through the mobile app and TV live broadcast. It has in turn effectively enhanced our brand awareness.

Our dedication and achievement in developing the O2O business have won us attention of the media. In April and June 2016, we were invited by China Jiangsu TV to attend the famous reality show "You Are Hired" to promote our brands and products. In May 2016, "21st Century Business Review" published an article to introduce our innovative O2O silver and jewellery retail platform to the readers in the PRC.

In July 2016, we participated in the China Internet Conference to promote our integrated sales platform and were presented with the "Best Commercial Value Award". In the same month, we delivered a speech of our innovative O2O business model and were presented with the "Gold Award of Products and Services Innovation" at the 4th award presentation of TopDigital. Moreover, we tailor-made a series of jewellery accessories of Jiang Hoo, a cartoon character from the popular online game "Perfect World". The accessories were sold in the China Digital Entertainment Expo and Conference (ChinaJoy) in order to promote our brands. In August 2016, we partnered with Jingning People's Government of China to invest RMB10 million in the "Shezu Silver Museum Project". The museum will be displaying no less than 500 of our silver accessories, in order to promote Shezu's traditional culture together with our brands and products.

We are planning to partner with internet celebrities as they are now a big hit. We will create an exclusive jewellery brand for them, which the accessories will be selling on our online sales platform. Furthermore, Disney themed-products are gaining popularity in the PRC with the opening of the Shanghai Disney Resort. We will cooperate with the authorised distributor of Disney in the PRC to produce a series of tableware and mugs printed with Disney cartoon characters.

Prospects

Looking ahead, we are confident about the future of the silver, precious metals and jewellery market in the PRC.

Following the strong rebound in international gold and silver prices, particularly after the Brexit referendum in late June 2016, we saw a strong pickup in the demand for high-quality gold and silver products in the market. While we expect the global financial market to remain highly uncertain in coming years, the flight-to-safety investment trend will continue to drive substantial interest in gold and silver products and be vastly beneficial to all our business segments.

While we endeavor to improve our existing businesses, we spend relentless effort to explore new initiatives. As of 30 June 2016, we had net cash of RMB638 million, signifying the Group's sufficient resources in potential bolt-on acquisitions. As announced on 15 August 2016, we are considering to acquire high quality mine resources duly to meet the growing demand for gold and silver products in our downstream businesses. We have been reviewing various opportunities in the market and will disclose more details when appropriate.

In summary, we are pleased with the numerous positive developments in all our business segments. We will strive to the best to become a leading fully-integrated silver and precious metals enterprise in the PRC.

Financial Review

Revenue

The revenue of the Group for the six months ended 30 June 2016 was RMB1,906 million (2015 1H: RMB555 million), representing an increase of approximately 244% from that of last period.

	Six months ended 30 June			
	2016		2015	
	Revenue (RMB'000)	**% of revenue**	Revenue (RMB'000)	% of revenue
Manufacturing segment				
Silver ingot	**430,175**	**22.6%**	200,852	36.2%
Other metal by-products	**139,057**	**7.3%**	139,744	25.2%
	569,232	**29.9%**	340,596	61.4%
O2O segment				
Silver and gold jewellery	**1,242,666**	**65.2%**	214,057	38.6%
Silver exchange segment				
Trading and related service income	**93,616**	**4.9%**	N/A	N/A
Total	**1,905,514**	**100%**	554,653	100%

Manufacturing segment

Sales of silver ingot increased from RMB201 million to RMB430 million for the six months ended 30 June 2016, representing an increase of approximately 114% from that of last period. The increase was due to both increase in the average selling price and sales volume.

The average selling price of silver ingot increased from RMB3.0 million (value-added tax exclusive) per tonne to RMB3.5 million per tonne due to rebound in the international silver price. Sales volume of silver ingot increased from 66 tonnes to 149 tonnes after the production capacity ramped up during the period. The aggregate production volume of silver ingot increased from approximately 120 tonnes to 204 tonnes. We target to produce over 400 tonnes of silver ingot in 2016.

Other metal by-products such as lead ingot, bismuth ingot and antimony ingot are produced during the production of silver ingot. Sales remained relatively stable.

O2O segment

During this period, the O2O segment recorded sales of RMB1,243 million (2015 1H: RMB214 million), representing an increase of approximately 481% as our retail sales channels expanded rapidly. To further broaden our product portfolio, gold products were introduced which significantly boosted the overall sales due to its high ticket price. Gold products accounted for over 70% of the overall O2O sales.

Silver exchange segment

Revenue mainly represents trading and related service income received from the operation of the online silver exchange platform. During this period, the silver exchange segment recorded trading and related service income of RMB93.6 million (2015 1H: nil).

Cost of Sales and Services Provided

Manufacturing segment

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 purchase price. The increase was mainly due to the surge in sales volume.

O2O segment

Cost of sales mainly represents cost of materials used for the production of silver and gold jewellery products. Except for silver, other materials like gold, amber and diamond are sourced from independent third parties. Amount increased as the sales of O2O segment significantly increased during the period.

Silver exchange segment

Cost of sales and services provided mainly represents cost of materials and direct expenses incurred for trading of silver and the operation of the online exchange platform.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB212 million (2015 1H: RMB99.5 million) for the six months ended 30 June 2016, an increase of approximately 113% as compared to that of last period due to rebound in the traditional manufacturing segment, growth in the O2O segment and contribution from the newly-acquired silver exchange business.

The overall gross profit margin decreased from 17.9% to 11.1% due to a change in sales mix. In particular, increase in sales of gold products of the O2O segment carried a lower gross profit margin and thus dragged down the overall gross profit margin.

Administrative Expenses

Administrative expenses increased by approximately 47.3% from RMB56.2 million to RMB82.7 million for the six months ended 30 June 2016. The increase was mainly due to increase in non-cash expenses including share-based payments of RMB14.8 million and amortization expenses of RMB6.5 million resulting from the Shanghai Huatong acquisition.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 116% from RMB7.4 million to RMB15.9 million for the six months ended 30 June 2016 mainly due to an increase in advertising cost for brand promotion and transportation cost for product delivery.

Other Gains and Losses

Amount in current period mainly represents fair value change of contingent consideration of RMB8.6 million resulting from the Shanghai Huatong acquisition.

Other Expenses

Other expenses in last period mainly represent one-off professional expenses for acquisition projects and fund raising activities.

Gain on Deemed Disposal of Associates

Amount represents a one-off gain resulting from the Shanghai Huatong acquisition.

Profit Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased significantly from RMB13.7 million for the six months ended 30 June 2015 to RMB94.2 million for the six months ended 30 June 2016 mainly due to increase in gross profit and a one-off net gain resulting from the Shanghai Huatong acquisition.

Inventories, Trade Receivables and Trade Payables Turnover Cycle

The Group's inventories mainly comprise of raw materials of ore powder, smelting slag, recycled materials and jewellery products. For the six months ended 30 June 2016, inventory turnover days were approximately 49 days (for the year ended 31 December 2015: 44 days). The increase was mainly due to the need to maintain a sufficient level of raw material to satisfy future sales growth.

The turnover days for trade receivables for the six months ended 30 June 2016 were approximately 8.7 days (for the year ended 31 December 2015: 17.6 days).

The turnover days for trade payables were approximately 7.8 days (for the year ended 31 December 2015: 9.8 days).

Borrowings

As of 30 June 2016, the Group's bank borrowings balance amounted to RMB110 million (as of 31 December 2015: 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 and pledged bank deposit as a percentage of shareholder equity. As of 30 June 2016, the Group was in a net cash position with a net gearing ratio of -35.9% (as of 31 December 2015: -59.4%).

Pledge of Assets

As of 30 June 2016, the Group pledged property ownership rights in respect of buildings, land use rights and inventories with total carrying value of RMB62.1 million, RMB10.8 million and RMB308 million, respectively (as of 31 December 2015: RMB63.9 million, RMB10.9 million and RMB119 million) to secure the general banking facilities granted to the Group.

Capital Expenditures

For the six months ended 30 June 2016, the Group invested RMB8.5 million in property, plant and equipment (2015: RMB15.0 million).

Employees

As of 30 June 2016, the Group employed 1,084 staff (as of 31 December 2015: 983 staff) and the total remuneration for the six months ended 30 June 2016 amounted to RMB68.5 million (2015: RMB53.9 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 period 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 30 June 2016, the cash and cash equivalents, net current assets and total assets less current liabilities were RMB748 million (as of 31 December 2015: RMB1,019 million), RMB1,070 million (as of 31 December 2015: RMB1,223 million) and RMB1,813 million (as of 31 December 2015: RMB1,504 million), respectively. As of 30 June 2016, the Group had bank borrowings amounting to RMB110 million (as of 31 December 2015: RMB130 million).

Significant Investment Held, Material Acquisition and Disposal

On 1 February 2016, the Group completed the acquisition of 75% equity interest in Shanghai Huatong for a consideration of not more than RMB625 million and not less than RMB125 million, which is determined based on the actual performance of Shanghai Huatong. Further details of the acquisition are set out in the announcements of the Company dated 11 December 2015, 25 January 2016 and 1 February 2016.

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 period.

Interim Dividend

The board of Directors (the "Board") has resolved to declare an interim dividend for the six months ended 30 June 2016 of HK$0.02 per share (2015: HK$0.01 per share). The interim dividend will be payable on or about 31 October 2016 to shareholders whose names appear on the register of members of the Company on 23 September 2016.

Closure of Register of Members

The register of members of the Company will be closed from 21 September 2016 to 23 September 2016 (both days inclusive) during which period no transfer of shares will be registered. In order to establish entitlements to the interim dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch 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, not later than 4:30 p.m. on 20 September 2016.

Event after the Reporting Period

On 6 June 2016, CSMall Group Limited ("CSMall"), a direct wholly-owned subsidiary of the Company, entered into a subscription agreement with each of Blaze Loop Limited, Silver Apex Holdings Limited and Treasure Delight International Limited (collectively, the "Subscribers") pursuant to which CSMall has agreed to allot and issue, and the Subscribers have agreed to subscribe for, a total of 214,275,000 shares in the capital of CSMall at the subscription price of RMB0.40 per subscription share for an aggregate consideration of RMB85,710,000 in cash. Immediately following the subscription, the percentage shareholding of the Company in CSMall would be diluted from 100% to approximately 70%. For details, please refer to the announcements of the Company dated 6 June 2016, 8 July 2016 and 12 July 2016 and the circular of the Company dated 12 July 2016. An extraordinary general meeting (the "EGM") was held on 27 July 2016, during which the resolutions as set out in the notice of the EGM dated 12 July 2016 were duly passed by way of poll. For details, please refer to the announcement of the Company dated 27 July 2016.

On 5 August 2016, the Company entered into a share subscription agreement with Yi Shuo Group Limited, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and Yi Shuo Group Limited has conditionally agreed to subscribe for, an aggregate of 30,000,000 shares of the Company at the subscription price of HK$1.8 per share. For details, please refer to the announcement of the Company dated 7 August 2016.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As of 30 June 2016, 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 of Hong Kong Limited (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") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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	28.70%
Mr. Song Guosheng	Beneficial Interest[2]	2,006,797	0.14%

Note 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 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.

Note 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 30 June 2016, 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.

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 30 June 2016, 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
Luo Shandong	Beneficial Interest	132,996,000	9.28%
FIL Limited	Investment Manager	72,018,000	5.02%

Except as disclosed above, as at 30 June 2016, 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 30 June 2016
22 January 2016	Placing of 50,000,000 new Shares to FIL Investment Management (Hong Kong) Limited at HK$1.70 each	Approximately HK$84 million	The net proceeds will be applied for general working capital and other potential investments	HK$1.95	The entire amount (which is kept as bank deposits) 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 period ended 30 June 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 Group. Further details of the share options schemes are set out in note 13 to the condensed consolidated financial statements. No share option was granted, exercised, cancelled or lapsed under the Scheme and the New Scheme during the period ended 30 June 2016.

Details of the movement of the share options granted under the Scheme during the period ended 30 June 2016 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as at 1.1.2016 and 30.6.2016
Directors				
Mr. Chen Wantian	3 July 2013	HK$0.96	3 July 2013 – 2 July 2023	2,450,000
	20 August 2014	HK$2.20	20 August 2014 – 19 August 2024	2,200,000
Mr. Song Guosheng	3 July 2013	HK$0.96	3 July 2013 – 2 July 2023	1,050,000
	20 August 2014	HK$2.20	20 August 2014 – 19 August 2024	500,000
Employees				
In aggregate	3 July 2013	HK$0.96	3 July 2013 – 2 July 2023	4,650,000
	20 August 2014	HK$2.20	20 August 2014 – 19 August 2024	24,300,000
	2 January 2015	HK$1.80	2 January 2015 – 1 January 2025	49,000,000
				84,150,000

The total number of shares available for issue under the Scheme is 84,386,000 representing 5.89% of the Company's issued share capital as at 30 June 2016.

Details of the movement of the share options granted under the New Scheme during the period ended 30 June 2016 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as at 1.1.2016 and 30.6.2016
Employees				
In aggregate	27 August 2015	HK$1.97	27 August 2015 – 26 August 2025	108,000,000
				108,000,000

The total number of shares available for issue under the New Scheme is 108,978,600 representing 7.60% of the Company's issued share capital as at 30 June 2016.

Note 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 were granted) was HK$0.95, HK$2.20, HK$1.80 and HK$1.87 respectively.

Note 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)

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)

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)

Note 3: 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)

Corporate Governance Code

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises four executive Directors and four independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules. During the six months ended 30 June 2016 and up to the date of this report, the Company has complied with the code provisions under the Code.

Model Code for Securities Transactions

The Company has adopted 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 to 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 six months ended 30 June 2016.

Audit Committee

The Board established an audit committee (the "Audit Committee") on 5 December 2012 with written terms of reference in compliance with the Code. The Audit Committee comprises all three independent non-executive Directors namely, Dr. Zeng Yilong (Chairman), Dr. Li Haitao and Mr. Song Hongbing. The primary responsibilities of the Audit Committee are to review and supervise financial reporting processes and internal control system of the Group.

The Audit Committee has reviewed the financial reporting processes and internal control system of the Group and discussed with the external auditors of the condensed consolidated financial statements for the six months ended 30 June 2016. The Audit Committee is 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.

Nomination Committee

The Board established a nomination committee (the "Nomination Committee") on 5 December 2012 with written terms of reference in compliance with the Code. The Nomination Committee comprises Mr. Chen Wantian (Chairman), Dr. Li Haitao and Mr. Song Hongbing, 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.

Remuneration Committee

The Board established a remuneration committee (the "Remuneration Committee") on 5 December 2012 with written terms of reference in compliance with the Code. 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.

On behalf of the Board
Chen Wantian
Chairman

Hong Kong, 22 August 2016

Deloitte.
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TO THE BOARD OF DIRECTORS OF CHINA SILVER GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Silver Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	NOTES	**RMB'000**	RMB'000
		(unaudited)	(unaudited)
Revenue	*3*	**1,905,514**	554,653
Cost of sales and services provided		**(1,693,604)**	(455,179)
Gross profit		**211,910**	99,474
Other income		**3,370**	1,420
Administrative expenses		**(82,737)**	(56,185)
Selling and distribution expenses		**(15,891)**	(7,356)
Research and development expenses		**(1,457)**	(958)
Gain on deemed disposal of associates	*14(iii)*	**31,305**	–
Other gains and losses		**(7,319)**	3,731
Other expenses		**(2,867)**	(11,224)
Share of results of associates		**253**	–
Finance costs		**(3,156)**	(3,758)
Profit before tax		**133,411**	25,144
Income tax expense	*4*	**(39,175)**	(11,420)
Profit for the period	*5*	**94,236**	13,724
Other comprehensive expense, net of income tax			
Item that may reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(687)**	–
Total comprehensive income for the period		**93,549**	13,724

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	NOTES	**RMB'000**	RMB'000
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		**94,236**	13,724
Non-controlling interests		**–**	–
		94,236	13,724
Total comprehensive income for the period attributable to:			
Owners of the Company		**93,549**	13,724
Non-controlling interests		**–**	–
		93,549	13,724
		RMB	RMB
Earnings per share	*7*		
Basic		**0.066**	0.012
Diluted		**0.066**	0.012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTES	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**187,696**	189,632
Prepaid lease payments		**18,351**	18,568
Goodwill	*14*	**407,321**	–
Intangible assets	*8*	**124,418**	7,091
Deferred tax asset		**2,039**	2,128
Interests in associates		**2,959**	63,598
		742,784	281,017
CURRENT ASSETS			
Prepaid lease payments		**432**	432
Inventories	*10*	**679,369**	236,447
Trade receivables, deposits and prepayments	*9*	**120,481**	168,348
Trade deposits		**16,077**	12,672
Amount due from an associate		**–**	39,610
Short-term bank deposit		**–**	500,000
Bank balances and cash		**748,313**	518,695
		1,564,672	1,476,204
CURRENT LIABILITIES			
Trade and other payables	*10*	**150,118**	115,473
Customer receipts in advance		**33,904**	1,388
Contingent consideration for a business combination	*15*	**168,081**	–
Income tax payable		**32,095**	6,768
Bank borrowings	*11*	**110,000**	130,000
		494,198	253,629
NET CURRENT ASSETS		**1,070,474**	1,222,575
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,813,258**	1,503,592

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTES	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital	*12*	**11,564**	10,627
Share premium and reserves		**1,714,505**	1,435,855
Equity attributable to owners of the Company		**1,726,069**	1,446,482
Non-controlling interests		**51,590**	48,598
Total equity		**1,777,659**	1,495,080
NON-CURRENT LIABILITIES			
Deferred tax liability		**27,444**	–
Deferred income		**8,155**	8,512
		35,599	8,512
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**1,813,258**	1,503,592

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	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 2015 (audited)	7,362	76,887	7,877	32,141	91,435	–	538,189	753,891	–	753,891
Profit and total comprehensive income for the period	–	–	–	–	–	–	13,724	13,724	–	13,724
Recognition of equity-settled share-based payments	–	–	14,296	–	–	–	–	14,296	–	14,296
Issue of shares upon exercise of share options	28	4,144	(1,435)	–	–	–	–	2,737	–	2,737
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 *(note 6)*	101	33,415	–	–	–	–	–	33,516	–	33,516
Dividends *(note 6)*	–	(42,829)	–	–	–	–	–	(42,829)	–	(42,829)
At 30 June 2015 (unaudited)	10,625	747,625	20,738	32,141	91,435	–	551,913	1,454,477	–	1,454,477
At 1 January 2016 (audited)	**10,627**	**737,306**	**47,483**	**32,141**	**101,483**	**270**	**517,172**	**1,446,482**	**48,598**	**1,495,080**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**94,236**	**94,236**	**–**	**94,236**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(687)**	**–**	**(687)**	**–**	**(687)**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**–**	**(687)**	**94,236**	**93,549**	**–**	**93,549**
Recognition of equity-settled share-based payments	**–**	**–**	**29,049**	**–**	**–**	**–**	**–**	**29,049**	**–**	**29,049**
Placing of shares	**421**	**71,112**	**–**	**–**	**–**	**–**	**–**	**71,533**	**–**	**71,533**
Transaction costs attributable to issue of shares	**–**	**(723)**	**–**	**–**	**–**	**–**	**–**	**(723)**	**–**	**(723)**
Issue of new shares on acquisition of Shanghai Huatong *(note 12)*	**516**	**85,663**	**–**	**–**	**–**	**–**	**–**	**86,179**	**–**	**86,179**
Acquisition of subsidiaries *(note 14)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,992**	**2,992**
At 30 June 2016 (unaudited)	**11,564**	**893,358**	**76,532**	**32,141**	**101,483**	**(417)**	**611,408**	**1,726,069**	**51,590**	**1,777,659**

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 the 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	NOTE	Six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES		**(92,124)**	(352,798)
INVESTING ACTIVITIES			
Withdrawal of a short-term bank deposit		**500,000**	–
Interest received		**1,076**	1,063
Proceed on disposal an associate		**600**	–
Proceeds on disposal of property, plant and equipment		**10**	283
Payment for expenses on acquisition projects		**–**	(9,452)
Deposits paid for acquisition of property, plant and equipment		**–**	(5,945)
Acquisition of subsidiaries	*14*	**(212,742)**	–
Purchase of intangible assets		**(8,487)**	(1,339)
Purchase of property, plant and equipment		**(5,660)**	(14,951)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**274,797**	(30,341)
FINANCING ACTIVITIES			
Proceeds from placing of shares		**71,533**	473,984
Bank borrowings raised		**–**	20,000
Proceeds from issue of shares upon exercise of share options		**–**	2,714
Dividend paid		**–**	(9,313)
Repayment of bank borrowings		**(20,000)**	–
Interest paid		**(3,156)**	(3,758)
Transaction costs attributable to issue of shares		**(723)**	(9,928)
NET CASH FROM FINANCING ACTIVITIES		**47,654**	473,699
NET INCREASE IN CASH AND CASH EQUIVALENTS		**230,327**	90,560
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**518,695**	740,434
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(709)**	–
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash		**748,313**	830,994

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

In addition, the Group has applied the following accounting policies during the current interim period:

Business combination achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Incompletion of initial accounting for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Measurement of contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, with the corresponding gain or loss being recognised in profit or loss.

Rendering of services

Service income is recognised when services are provided.

3. 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");

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

(iii) providing professional electronic platform, related services for silver trading and trading of silver ingots ("Silver exchange segment").

During the six months ended 30 June 2016, the Group acquired additional 75% equity interest in 上海華通鉑銀交易市場有限公司 ("Shanghai Huatong") as detailed in note 14, since then, Shanghai Huatong became a wholly-owned subsidiary of the Group. The CODM reviewed the results of Shanghai Huatong for the purpose of resource allocation and performance assessment and its result has been regarded as an operating segment of the Group during the period.

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

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

	Six months ended 30 June 2016					
	Manufacturing segment RMB'000	O2O Segment RMB'000	Silver exchange segment RMB'000	Segment total RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue						
External sales	569,232	1,242,666	93,616	1,905,514	–	1,905,514
Inter-segment sales	117,110	–	–	117,110	(117,110)	–
Total segment revenue	686,342	1,242,666	93,616	2,022,624	(117,110)	1,905,514
Results						
Segment results	81,759	29,633	62,567	173,959		173,959
Non-segment items						
Unallocated income, expenses and losses						(37,392)
Finance costs						(3,156)
Profit before tax						133,411

3. REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2015				
	Manufacturing segment RMB'000	O2O segment RMB'000	Segment total RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue					
External sales	340,596	214,057	554,653	–	554,653
Inter-segment sales	129,512	–	129,512	(129,512)	–
Total segment revenue	470,108	214,057	684,165	(129,512)	554,653
Results					
Segment results	50,834	16,249	67,083		67,083
Non-segment items					
Unallocated income, expenses and losses					(38,181)
Finance costs					(3,758)
Profit before tax					25,144

Note: CODMs revisited the method of allocation of costs and expenses between the operating segment in light of the change in the development of the business. Accordingly, the segment results for the six months ended 30 June 2015 was restated.

3. REVENUE AND SEGMENT INFORMATION (Continued)

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.

Analysis of revenue by products

An analysis of revenue by products is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Manufacturing segment		
Silver ingot	**430,175**	200,852
Other metal by-products	**139,057**	139,744
	569,232	340,596
O2O segment		
Silver, gold, jewellery and collectibles	**1,242,666**	214,057
Silver exchange segment		
Trading and service income	**93,616**	N/A
	1,905,514	554,653

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

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
PRC Enterprise Income Tax ("EIT")		
– current period	**38,930**	11,356
– underprovision in respect of prior years	**156**	10
	39,086	11,366
Deferred taxation for the period	**89**	54
	39,175	11,420

At the end of the reporting period, the Group has unused tax loss of RMB18 million (31 December 2015: RMB17 million) 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 Law of the PRC on EIT (the "EIT Law") and its related implementation regulations, the Company's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% for both periods, except that in prior period, one of the major subsidiaries of the Company, Jiangxi Longtianyong Nonferrous Metals Co., Ltd. ("Jiangxi Longtianyong"), was 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 to 2015. In current interim period, Jiangxi Longtianyong has applied for the renewal of the qualification as a High and New-Technology Enterprise and is still pending for the approval from relevant authority.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders when it is declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in these condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB815 million as at 30 June 2016 (31 December 2015: RMB693 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.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	**1,687,472**	455,179
Depreciation of property, plant and equipment	**10,429**	8,045
Fair value change of contingent consideration *(note 15)*	**8,584**	–
Amortisation of intangible assets	**6,947**	443
Expenses and professional fees for acquisition projects and fund raising activities	**463**	11,094
Release of prepaid lease payments	**217**	217
Interest income	**(1,073)**	(1,063)
Net exchange gain	**(859)**	(3,545)
Release of deferred income	**(357)**	(357)
Gain on disposal of property, plant and equipment	**(3)**	(191)

6. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Dividends recognised as distributions during the period:		
– Final dividend of HK$0.05 per share for the year ended 31 December 2014	**–**	42,829
Dividends in form of:		
– Cash	**–**	9,313
– Scrip dividend	**–**	33,516
	–	42,829

Subsequent to 30 June 2016, the directors of the Company have determined that an interim dividend of HK$0.02 per share (six months ended 30 June 2015: HK$0.01 per share) will be paid to the owners of the Company whose name appear in the register of members of the Company on 23 September 2016.

7. 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:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to owners of the Company	**94,236**	13,724
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,418,305**	1,136,818
Effect of dilutive potential ordinary shares: Share options of the Company	**3,554**	21,930
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,421,859**	1,158,748

The computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares for both period ended 2016 and 2015.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment of RMB8,468,000 (six months ended 30 June 2015: RMB14,951,000) mainly for the expansion of its production scale and enhancement of production efficiency, of which RMB2,808,000 (six months ended 30 June 2015: nil) was acquired through acquisition of subsidiaries as set out in note 14.

In addition, during the current interim period, the Group acquired intangible assets amounting to RMB124,269,000 (six months ended 30 June 2015: RMB1,339,000) mainly related to the customer relationship and trademark of the Silver exchange segment, of which RMB115,781,000 (six months ended 30 June 2015: nil) was acquired through acquisition of subsidiaries as set out in note 14.

9. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade receivables	**55,122**	128,736
Deposits and prepayments	**65,359**	39,612
	120,481	168,348

Before accepting any new customer, 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 from 30 days to 90 days and requires advance deposits from certain customers before delivery of goods.

10. INVENTORIES/TRADE AND OTHER PAYABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
The trade and other payables comprise:		
Trade payables, aged within 30 days	**83,747**	61,402
Other payables and accrued expenses	**32,987**	29,348
Value-added tax and other taxes payables	**33,384**	24,723
	150,118	115,473

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

The balance of inventories as at 30 June 2016 increased significantly as compared to that at 31 December 2015 because of the management's decision to keep a higher level of inventories to cater for the business development of O2O and manufacturing segments.

11. BANK BORROWINGS

During the current interim period, the Group did not obtain any new short-term bank borrowings (six months ended 30 June 2015: RMB20,000,000) and has repaid the bank borrowings of RMB20,000,000 (six months ended 30 June 2015: nil).

Bank borrowings of RMB110,000,000 (31 December 2015: RMB130,000,000) carry interest at fixed rate of 4.79% (31 December 2015: ranging from 4.79% to 5.1%) per annum and were secured by certain of the Group's assets as set out in note 16. The remaining balance of RMB20,000,000 at 31 December 2015 carried interest of floating rate of the PRC Loan Prime Rate plus 0.05% per annum. Such amount was repaid during the current interim period.

12. SHARE CAPITAL

	Number of shares	Share capital	
		HK$'000	RMB'000
Ordinary share of HK$0.01 each:			
Authorised			
At 1 January 2015, 31 December 2015 and 30 June 2016	3,000,000,000	30,000	24,386
Issued			
At 1 January 2015	906,186,000	9,062	7,362
Placing of new shares *(note i)*	397,956,000	3,980	3,134
Exercise of share option *(note ii)*	3,600,000	36	28
Scrip dividend *(note iii)*	12,854,589	128	101
At 30 June 2015	1,320,596,589	13,206	10,625
At 1 January 2016	1,320,846,589	13,209	10,627
Placing of new shares *(note iv)*	50,000,000	500	421
Issue of new shares on acquisition of subsidiaries *(note v)*	62,500,000	625	516
At 30 June 2016	1,433,346,589	14,334	11,564

12. SHARE CAPITAL (Continued)

notes:

(i) During the six months ended 30 June 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 is applied for the expansion of the Company's silver retailing business and general working capital.

(ii) During the six months ended 30 June 2015, share options were exercised to subscribe for 3,600,000 shares of the Company on 17 March 2015. The share option exercise price was HK$0.96 per share.

(iii) During the six months ended 30 June 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.

(iv) During the six months ended 30 June 2016, the Company placed 50,000,000 shares at the placing price of HK$1.70 per share on 22 January 2016. The net proceeds from the placings will be applied for the Group's general working capital and other potential investments.

(v) During the six months ended 30 June 2016, 62,500,000 new ordinary shares of par value HK$0.01 each of the Company was issued on 28 January 2016 as part of the consideration in acquiring 75% equity interest in Shanghai Huatong. Details of the acquisition are set out in note 14. The fair value of the shares issued at the date of completion of acquisition is approximately RMB86,179,000, of which approximately RMB516,000 was credited to share capital and the remaining balance of approximately RMB85,663,000 was credited to the share premium account.

13. 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.

13. SHARE OPTION SCHEME (Continued)

(I) The Scheme (Continued)

(b) The following table discloses movements of Company's options under the Scheme held by the Group's directors and employees:

Date of grant	Exercise price per share *HK$*	Outstanding at 1.1.2016 and 30.06.2016
3 July 2013	0.96	8,150,000
20 August 2014	2.20	27,000,000
2 January 2015	1.80	49,000,000
		84,150,000

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 two batches, being:

- 3 July 2015 to 2 July 2023 (3,350,000 outstanding share options granted are exercisable)
- 3 July 2016 to 2 July 2023 (all outstanding share options granted are exercisable)

The 27,000,000 outstanding share options granted on 20 August 2014 with exercise price of 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 (8,100,000 outstanding share options granted are exercisable)
- 20 August 2016 to 19 August 2024 (16,200,000 outstanding share options granted are exercisable)
- 20 August 2017 to 19 August 2024 (all outstanding share options granted are exercisable)

13. SHARE OPTION SCHEME (Continued)

(I) The Scheme (Continued)

(b) (Continued)

The 49,000,000 outstanding share options granted on 2 January 2015 with 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 (14,700,000 outstanding share options granted are exercisable)
- 2 January 2017 to 1 January 2025 (29,400,000 outstanding share options granted are exercisable)
- 2 January 2018 to 1 January 2025 (all outstanding outstanding share options granted are exercisable)

(c) The Group recognised the total expense of RMB7,758,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB14,296,000) in relation to share options granted by the Company under the Scheme.

(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.

13. 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) The following table discloses movements of Company's options under the New Scheme held by the Group's employees:

Date of grant	**Exercise price per share** *HK$*	**Outstanding at 1.1.2016 and 30.06.2016**
27 August 2015	1.97	108,000,000

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 (54,000,000 outstanding share options granted are exercisable)
- 27 August 2017 to 26 August 2025 (all outstanding share options granted are exercisable)

(c) The Group recognised the total expense of RMB21,291,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: nil) in relation to share options granted by the Company under the New Scheme.

14. ACQUISITION OF SUBSIDIARIES

Acquisition of subsidiaries through purchase of additional interests in associates in 2016.

During the six months ended 30 June 2016, the Group completed the acquisition of remaining 75% equity interests in its associate, Shanghai Huatong. Shanghai Huatong and its subsidiaries (collectively referred to as "Shanghai Huatong Group") are principally engaged in providing professional electronic platform, related services for silver trading and trading of silver ingots. The consideration for the acquisition is RMB470,676,000 which includes: 1) the initial consideration of RMB311,179,000 which was settled in cash of RMB225,000,000 and an aggregate of RMB86,179,000 by the issue of 62,500,000 new shares of the Company; and 2) the contingent consideration of RMB159,497,000 will be settled by the allotment and issue of a maximum of 137,500,000 new shares of the Company to the vendors if Shanghai Huatong achieves the agreed financial targets for the year ending 31 December 2016.

	NOTES	**RMB'000**
Consideration transferred		
Cash		225,000
Issue of new shares of the Company, at fair value	*12(v)*	86,179
Contingent consideration – consideration shares	*(i)*	159,497
Fair value of previously held interest	*(iii)*	92,000
		562,676
Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis)		
Property, plant and equipment		2,808
Intangible assets		115,781
Inventories		12,640
Trade receivables, deposits and prepayments		88,958
Bank balances and cash		12,258
Trade and other payables		(45,790)
Customer receipts in advance		(47)
Deferred tax liability		(28,261)
		158,347

14. ACQUISITION OF SUBSIDIARIES (Continued)

	NOTES	**RMB'000**
Goodwill on acquisition	*(iv)*	
Consideration		562,676
Plus: non-controlling interests	*(ii)*	2,992
Less: net assets acquired		(158,347)
		407,321

Net cash outflow arising on acquisition		
Cash consideration paid		225,000
Less: bank balances and cash acquired		(12,258)
		212,742

Impact of acquisition on the results of the Group

Included in the profit for the interim period is RMB31,986,000 attributable to Shanghai Huatong Group since it became subsidiaries of the Group. Revenue for the interim period includes RMB93,616,000 generated from Shanghai Huatong Group since it became subsidiaries of the Group.

Had the acquisition of Shanghai Huatong been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2016 would have been RMB1,932,363,000 and the amount of the profit for the interim period would have been RMB96,909,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

14. ACQUISITION OF SUBSIDIARIES (Continued)

Impact of acquisition on the results of the Group (Continued)

Notes:

(i) The fair value of the contingent consideration (consideration shares) is estimated with reference to the trading price of the Company's shares, the latest financial information of Shanghai Huatong Group, Shanghai Huatong Group's financial performance forecast and other relevant indicators. The directors of the Company consider it is probable that by 137,500,000 new shares of the Company would be required to be allotted and therefore, contingent consideration of approximately RMB159,497,000 (being 137,500,000 shares valued at RMB1.16 each) was recognised and presented separately in the condensed consolidated statement of financial position.

(ii) The non-controlling interests of 6% in Huatong International, a non-wholly owned subsidiary of Shanghai Huatong, recognised at the acquisition date was measured by reference to the fair value of non-controlling interests at that date.

(iii) As at the acquisition date, the fair value of Shanghai Huatong Group held by the Group was RMB92,000,000. Compared with its carrying amount of RMB60,695,000, the gain on deemed disposal of associates of RMB31,305,000 was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

(iv) The goodwill arising on the acquisition of Shanghai Huatong Group is measured as the excess of the sum of the consideration transferred and the amount of non-controlling interests in Shanghai Huatong Group, over the net provisional amounts of the identifiable assets acquired and the liabilities assumed at the date of acquisition. The amount of goodwill would be adjusted retrospectively when those provisional amounts of the intangible assets assumed are ascertained and adjusted after the measurement period.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

Fair value of the Group's financial liability that are measured at fair value on a recurring basis

The Group's contingent consideration is measured at fair value at the end of the each reporting period. The following table gives information about how the fair value of this financial liability are determined (in particular, the valuation technique and inputs used). As well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial liability	Fair value as at 30/06/2016	Fair value as at 31/12/2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Contingent consideration in a business combination	Liabilities – HK$168,081,000	–	Level 3	Reference to the profit forecast of Shanghai Huatong Group for the year ending 31 December 2016 and the discount for lack of marketability ("DLOM") of the share value of the Company.	DLOM of 16.11%. *(Note)*

Note: An increase in the DLOM used in isolation may result in a significant decrease in the fair value measurement of the contingent consideration, and vice versa. A 10% increase/decrease in the DLOM holding all other variables constant would decrease/increase the carrying amount of the contingent consideration by RMB1,723,000 and RMB1,766,000 respectively.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT (Continued)

Fair value of the Group's financial liability that are measured at fair value on a recurring basis (Continued)

There were no transfers between Level 1 and 2 in the period.

The only financial liability subsequently measured at fair value on Level 3 fair value measurement represents contingent consideration relating to the acquisition of Shanghai Huatong Group (see note 14). A fair value change of RMB8,584,000 relating to this contingent consideration has been recognised in condensed consolidated statement of profit or loss and other comprehensive income.

16. 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.

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Buildings	62,076	63,860
Prepaid lease payments – land use rights	10,790	10,918
Inventories	308,144	118,895
	381,010	193,673

17. RELATED AND CONNECTED PARTY DISCLOSURES

Compensation of key management personnel

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Short-term benefits	8,870	10,739
Post-employment benefits	37	56
	8,907	10,795

18. EVENT AFTER THE END OF THE REPORTING PERIOD

On 6 June 2016, CSMall Group Limited ("CSMall"), a direct wholly-owned subsidiary of the Company, entered into a conditional subscription agreement with each of Blaze Loop Limited, Silver Apex Holdings Limited and Treasure Delight International Limited (collectively, the "Subscribers") pursuant to which CSMall has agreed to allot and issue, and the Subscribers have agreed to subscribe for, a total of 214,275,000 shares in the capital of CSMall at the subscription price of RMB0.4 per subscription share for an aggregate consideration of RMB85,710,000 in cash. Immediately following the subscription, the percentage shareholding of the Company in CSMall would be diluted from 100% to approximately 70%. The subscription has been completed subsequent to the reporting period and the shares have been issued accordingly.

On 5 August 2016, the Company entered into a share subscription agreement with Yi Shuo Group Limited, an independent third party, pursuant to which, the Company has conditionally agreed to allot and issue, and Yi Shuo Group Limited has conditionally agreed to subscripts for, an aggregate of 30,000,000 shares of the Company at the subscription price of HK$1.8 per share (the "Subscription"). The net proceed of the Subscription of approximately HK$54,000,000 will be used for the development of the downstream silver exchange business and general working capital.