中國白銀集團
CHINA SILVER GROUP

CHINA SILVER GROUP LIMITED
中 國 白 銀 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 815)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS OF 2013 INTERIM RESULTS

- Revenue increased by 29.0% to approximately RMB801 million
- Profit attributable to owners of the Company increased by 9.2% to RMB59.4 million
- Sales volume of silver ingots increased by 45.3% to 125 tonnes
- Production maintained at full capacity
- The Board declares an interim dividend of HK$0.02 per share, the first dividend since our listing in December 2012

The board of directors (individually, a "**Director**", or collectively, the "**Board**") of China Silver Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012. The results for the current interim period have been reviewed by our auditor, Deloitte Touche Tohmatsu, certified public accountants in Hong Kong, 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 and the Audit Committee of the Company with no disagreement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
Revenue	*3*	**800,885**	620,875
Cost of sales		**(702,276)**	(531,551)
Gross profit		**98,609**	89,324
Other income		**456**	104
Administrative expenses		**(12,080)**	(8,459)
Selling and distribution expenses		**(734)**	(575)
Research and development expenses		**(975)**	(3,199)
Other losses		**(1,466)**	(142)
Other expenses		**(100)**	(10)
Listing expenses		**–**	(325)
Finance costs		**(4,161)**	(3,498)
Profit before tax		**79,549**	73,220
Income tax expense	*4*	**(20,104)**	(18,761)
Profit and total comprehensive income for the period	*5*	**59,445**	54,459
		RMB	*RMB*
Earnings per share	*7*		
Basic		**0.066**	0.081
Diluted		**0.066**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Notes	**30 June 2013 RMB'000 (unaudited)**	31 December 2012 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**163,138**	142,757
Prepaid lease payments		**19,655**	19,872
Intangible asset		**5,487**	5,668
Deferred tax asset		**2,500**	2,500
		190,780	170,797
CURRENT ASSETS			
Prepaid lease payments		**432**	432
Inventories		**127,256**	168,672
Trade receivables and prepayments	*9*	**13,025**	14,009
Trade deposits		**3,673**	11,987
Bank balances and cash		**302,522**	221,908
		446,908	417,008
CURRENT LIABILITIES			
Trade and other payables	*10*	**28,766**	47,728
Customer receipts in advance		**–**	600
Income tax payable		**12,799**	25,173
Bank borrowings		**110,000**	110,000
		151,565	183,501
NET CURRENT ASSETS		**295,343**	233,507
TOTAL ASSETS LESS CURRENT LIABILITIES		**486,123**	404,304
CAPITAL AND RESERVES			
Share capital		**7,362**	7,172
Share premium and reserves		**468,761**	387,132
TOTAL EQUITY		**476,123**	394,304
NON-CURRENT LIABILITY			
Deferred income		**10,000**	10,000
TOTAL EQUITY AND NON-CURRENT LIABILITY		**486,123**	404,304

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Paid-in capital/ share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000* *(note i)*	Statutory reserve *RMB'000* *(note ii)*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2012 (audited)	110,338	–	–	29,224	106,980	246,542
Profit and total comprehensive income for the period	–	–	–	–	54,459	54,459
Reorganisation	(110,000)	–	–	–	–	(110,000)
Dividend paid *(note 6)*	–	–	–	–	(44,000)	(44,000)
At 30 June 2012 (audited)	338	–	–	29,224	117,439	147,001
Profit and total comprehensive income for the period	–	–	–	–	103,283	103,283
Issue of shares by the Company	1	–	–	–	–	1
Reorganisation	(338)	–	32,141	–	–	31,803
Capitalisation issue	6,096	(6,096)	–	–	–	–
Issue of new shares pursuant to the global offering	1,075	125,879	–	–	–	126,954
Shares issue expenses	–	(14,738)	–	–	–	(14,738)
Transfer	–	–	–	18,476	(18,476)	–
At 31 December 2012 (audited)	7,172	105,045	32,141	47,700	202,246	394,304
Profit and total comprehensive income for the period	–	–	–	–	59,445	59,445
Issue of new shares pursuant to the over-allotment option	190	22,184	–	–	–	22,374
Transfer upon deregistration of a subsidiary	–	–	–	(91)	91	–
At 30 June 2013 (unaudited)	**7,362**	**127,229**	**32,141**	**47,609**	**261,782**	**476,123**

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 Reorganisation (as defined in note 1).

(ii) According to the relevant requirements in the memorandum of association of Jiangxi Longtianyong Nonferrous Metals Co., Ltd. ("Longtianyong Nonferrous Metals"), a wholly owned subsidiary of the Group established in the People's Republic of China (the "PRC"), a portion of its profits after taxation has to be transferred to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The reserve can be applied either to set off accumulated losses or to increase capital.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

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

The shares of the Company are listed on the Stock Exchange (the "**Listing**") with effect from 28 December 2012. In the preparation for the Listing, the Group underwent a reorganisation (the "**Reorganisation**") to rationalise the holding structure of the companies now comprising the Group, which was completed on 15 August 2012. The principal steps involved in the Reorganisation are set out in the Group's annual financial statements for the year ended 31 December 2012.

The condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows which include the results and cash flows of the companies now comprising the Group for the six months ended 30 June 2012 have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the period, or since their respective dates of establishment/incorporation where this is a shorter period.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, certain new or revised International Financial Reporting Standards ("**IFRSs**") that are mandatorily effective for the current interim period.

The application of the new or revised 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.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacture of silver ingots and other non-ferrous metals for sale in the PRC. The Group's chief operating decision maker, being the executive directors of the Company, regularly reviews the revenue analysis by products and the Group's consolidated profit prepared based on the accounting policies of the Group for the purposes of resources allocation and performance assessment. Accordingly, it is not necessary to analyse the Group's revenue, results, assets and liabilities by operating segment.

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 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	
	2013	2012
	RMB'000	*RMB'000*
Silver ingot	**571,260**	468,522
Lead ingot	**121,852**	84,459
Bismuth ingot	**54,519**	38,023
Antimony ingot	**32,852**	23,865
Non-standard gold	**10,110**	3,658
Zinc oxide	**10,051**	2,051
Others	**241**	297
	800,885	620,875

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– current period	**20,536**	18,974
– (over)underprovision in respect of prior years	**(432)**	287
	20,104	19,261
Deferred taxation for the period	**–**	(500)
	20,104	18,761

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

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% (six months ended 30 June 2012: 25%).

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 respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB291.2 million as at 30 June 2013 (31 December 2012: RMB230.3 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	
	2013	2012
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible asset	**181**	151
Cost of inventories recognised as expenses	**702,276**	531,551
Depreciation of property, plant and equipment	**6,058**	6,119
Release of prepaid lease payments	**217**	211
Interest income	**(276)**	(104)
Loss on disposal of property, plant and equipment	**–**	103
Net exchange losses	**1,466**	39

6. DIVIDENDS

The Company has neither paid nor declared any dividend since its incorporation and up to the end of the current interim period. However, prior to the Reorganisation, Longtianyong Nonferrous Metals paid dividend of RMB44,000,000 to its then equity holders during the six months ended 30 June 2012.

Subsequent to 30 June 2013, the directors of the Company have determined that an interim dividend of HK$0.02 per share (six months ended 30 June 2012: Nil) amounting to HK$18,124,000 (six months ended 30 June 2012: Nil) will be paid to the owners of the Company whose names appear in the Register of Members on 3 September 2013.

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	
	2013	2012
	RMB'000	*RMB'000*
Earnings		
Profit for the period	**59,445**	54,459
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**903,948**	675,000
Effect of dilutive potential ordinary shares:		
Over-allotment option granted in relation to the Listing	**324**	N/A
Weighted average number of ordinary shares for the purpose of directed earnings per share	**904,272**	N/A

For the six months ended 30 June 2012, the weighted average number of ordinary shares for the purpose of basic earnings per share was determined assuming the capitalisation issue which was completed on 28 December 2012 had taken place on 1 January 2012 and taking into account the effect of acquisition of 10% equity interest in the Group on 13 July 2012 through subscription of new shares by an independent investor.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred costs for construction in progress of RMB25,722,000 (six months ended 30 June 2012: Nil) and acquired other property, plant and equipment of RMB717,000 (six months ended 30 June 2012: RMB8,334,000) mainly for the expansion of its production scale.

9. TRADE RECEIVABLES AND PREPAYMENTS

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Trade receivables, aged within 30 days	**12,944**	13,162

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 of 30 days and requires advance deposits from its customers before delivery of goods.

10. TRADE AND OTHER PAYABLES

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Trade payables, aged within 30 days	**20,342**	16,734

The credit period of purchase of goods ranges from 20 to 30 days. The Group has financial management policies in place to ensure that all payables are settled within credit time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the first half of 2013, we experienced severe volatility in the global commodity market and a slowdown in the Chinese economy. Albeit an extremely difficult backdrop that worked against us, we still managed to achieve positive growth in both revenue and profit as compared to the same period last year.

For the six months ended 30 June 2013, the Group's revenue reached approximately RMB801 million (2012: RMB621 million), representing an increase of approximately 29.0% over the same period last year. Our key product, silver ingot under our popular "Longtianyong" brand, continued to be our major source of revenue, representing over 70% of our consolidated revenue. Profit attributable to owners of the Company amounted to RMB59.4 million (2012: RMB54.5 million), representing an increase of approximately 9.2% over the same period last year.

Due to concerns over the withdrawal of the quantitative easing by the US government, the global commodity market was extremely volatile in the first half of 2013. The domestic market price (value-added tax ("**VAT**") inclusive) of No.1 international silver quoted on the Shanghai White Platinum & Silver Exchange declined from RMB6,440 per kg by the end of January 2013 to RMB3,770 per kg by the end of June 2013, representing a decrease of 41.5%. As a result, our profitability was inevitably affected by these short-term fluctuations.

Nevertheless, we continued to improve our production efficiency and utilization rate in order to offset the impact brought by the decrease in the price of silver. During the first half of 2013, we achieved full utilization of our production capacity and sold 125 tonnes of silver ingots, an increase of 39 tonnes or approximately 45.3% over the last period. Along with the increase in production volume of silver ingots, the increase in other non-ferrous metals of commercial value also helped to partly offset the volatility.

Prospects

Looking ahead, we remain optimistic about the long-term outlook of domestic demand for silver. Notably, in April 2013, the decline in international gold price triggered a spectacular gold buying frenzy among local consumers. In July 2013, the introduction of the night trading session for gold and silver futures in China generated strong reception among domestic investors. These developments suggest the potential of the largely unmet demand for precious metals among local consumers. Riding on the sustained growth in China's consumption power, we expect demand for silver to continue to grow at a steady rate in long run.

Meanwhile, as the international silver price gradually stabilizes over time, we are hopeful that our margin and profitability will return to normal level in a foreseeable future.

In order to capture the opportunities brought by these positive market trends, as stated in the prospectus of the Company dated 14 December 2012 (the "**Prospectus**"), we plan to expand our production capacity of silver ingots from our current designed capacity of 250 tonnes to 650 tonnes per annum by the end of 2015 through phases. The underlying construction has been in progress as planned.

Apart from that, we will continue to look for suitable merger and acquisition opportunities. While we remain cautious, we expect more opportunities to arise after the significant retreat in the international commodity price.

In sum, we are determined to become one of the leading integrated silver producers in the world.

Financial Review

Revenue

The revenue of the Group for the six months ended 30 June 2013 was approximately RMB801 million (2012: RMB621 million), representing an increase of approximately 29.0% from that of last period. During the production process of silver ingot, we also recover and refine other metal by-products such as lead ingot, bismuth ingot and antimony ingot. The revenue breakdown by products categories is set out in the table below:

	Six months ended 30 June,			
	2013		2012	
	Revenue *(RMB'000)*	**% of revenue**	Revenue *(RMB'000)*	% of revenue
Silver ingot	**571,260**	**71.3%**	468,522	75.5%
Lead ingot	**121,852**	**15.2%**	84,459	13.6%
Bismuth ingot	**54,519**	**6.8%**	38,023	6.1%
Antimony ingot	**32,852**	**4.1%**	23,865	3.8%
Others	**20,402**	**2.6%**	6,006	1.0%
Total	**800,885**	**100%**	620,875	100%

The sales of silver ingot increased from RMB469 million to RMB571 million for the six months ended 30 June 2013, representing an increase of RMB102 million, or 21.9%, from that of last period. The increase was mainly driven by the increase in sales volume from 86 tonnes to 125 tonnes, and was partially offset by a decrease in the average selling price of RMB5.4 million (VAT exclusive) per tonne to RMB4.6 million per tonne.

Since metal by-products such as lead ingot, bismuth ingot and antimony ingot are produced during the production of our silver ingot, the increase in sales volume of the by-products were roughly in line with that of our silver ingot.

Cost of Sales and Gross Profit

We recorded gross profit of RMB98.6 million (2012: RMB89.3 million) for the six months ended 30 June 2013, an increase of 10.4% as compared to that of last period.

Our cost of sales mainly represents the cost of raw materials consumed, direct labor and manufacturing overhead. Cost of raw materials consumed accounted for approximately 96% of our cost of sales. The purchase cost of raw material 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.

Gross profit margin dropped from 14.4% to 12.3% mainly due to the decrease in international commodity prices mentioned above.

Administrative Expenses

Administrative expenses increased by approximately 42.8% from RMB8.5 million to RMB12.1 million for the six months ended 30 June 2013. The increase was mainly due to additional staff costs and legal and professional fees incurred after the Listing.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of transportation costs and staff costs and was generally in line with the increase in sales volume.

Research and Development Expenses

Research and development expenses decreased from RMB3.2 million to RMB1.0 million, or approximately 69.5%, mainly due to the completion of the non-recurring research projects during last period.

Finance Costs

Finance costs increased by approximately 19.0% to approximately RMB4.2 million primarily due to the increase in average bank borrowing balance during the period to support our production and expansion.

Income Tax

The effective tax rate remained stable at around the statutory rate of 25%.

Profit Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased from RMB54.5 million for the six months ended 30 June 2012 to RMB59.4 million for the six months ended 30 June 2013. Net profit margin dropped slightly from 8.8% to 7.4% primarily due to the decrease in gross margin.

Inventories, Trade Receivables and Trade Payables Turnover Cycle

The Group's inventories mainly comprise of raw materials of ore powder and smelting slag. For the six months ended 30 June 2013, inventory turnover days was approximately 38.6 days (for the year ended 31 December 2012: 46.4 days). There was a decrease in inventory turnover days due to the continual improvement of operational efficiency.

The turnover days for trade receivables for the six months ended 30 June 2013 was approximately 3.0 days (for the year ended 31 December 2012: 2.1 days). The Group generally requires customers to prepay 60% to 90% of the purchase price of the products before delivery. The balance will normally be settled within 10 days after delivery.

The turnover days for trade payables was approximately 4.8 days (for the year ended 31 December 2012: 3.6 days). We are generally required by our suppliers to prepay 30-50% of the purchase price of our raw materials prior to delivery, with the balance to be settled within one month after delivery.

Borrowings

As of 30 June 2013, the Group's bank borrowings balance amounted to RMB110 million (as of 31 December 2012: RMB110 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 total bank borrowings less bank balances and cash as a percentage of shareholder equity. As of 30 June 2013, the Group is in a net cash position with a net gearing ratio of -40.4% (as of 31 December 2012: -28.4%).

Pledge of Assets

As of 30 June 2013, the Group pledged property ownership rights in respect of buildings, land use rights and inventories with total carrying value of RMB60.6 million, RMB11.6 million and RMB60.4 million, respectively (as of 31 December 2012: RMB62.4 million, RMB11.7 million and RMB82.1 million) to secure the general banking facilities granted to the Group.

Capital Expenditures

For the six months ended 30 June 2013, the Group invested RMB26.4 million in property, plant and equipment (2012: RMB16.2 million in property, plant and equipment, prepayments for leasehold land and an intangible asset). The increase was mainly due to the expansion of production capacity as stated in the Prospectus.

Employees

As of 30 June 2013, the Group employed 670 staff (as of 31 December 2012: 668 staff) and the total remuneration for the six months ended 30 June 2013 amounted to approximately RMB17.4 million (2012: RMB15.0 million). The Group's remuneration packages are in line with current legislation in relevant jurisdictions, the experience and qualifications of individual employees and 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 2013, the cash and cash equivalents, net current assets and total assets less current liabilities were RMB303 million (as of 31 December 2012: RMB222 million), RMB295 million (as of 31 December 2012: RMB234 million) and RMB486 million (as of 31 December 2012: RMB404 million), respectively.

Significant Investment Held, Material Acquisition and Disposal

During the period, the Group did not hold any significant investment or carried out any material acquisition and disposal.

Use of Proceeds from the Listing

The net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately HK$101 million, which had been intended to be applied in the manner consistent with that in the Prospectus. As of 30 June 2013, RMB25.7 million has been used in the manner as described in the Prospectus and RMB75.3 million remained unutilized.

Interim Dividend

The Board has resolved to declare an interim dividend for the six months ended 30 June 2013 of HK$0.02, totaling HK$18.1 million (amounted to approximately RMB14.4 million) (2012: Nil). The interim dividend will be payable on or about 18 September 2013 to shareholders whose names appear on the register of members of the Company on 3 September 2013.

Closure of Register of Members

The register of members of the Company will be closed from 30 August 2013 to 3 September 2013 (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 29 August 2013.

Code of Corporate Governance Practice

During the six months ended 30 June 2013, 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 does not have a separate chairman and chief executive officer and Mr. Chen Wantian currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently.

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 of 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 2013.

Purchase, Sale or Redemption of the Listed Securities of our Company

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

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 2013. 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.

Acknowledgement

I would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group.

Publication of Results Announcement and Interim Report

This announcement is published on the websites of the Company (www.chinasilver.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2013 interim report of the Company will be dispatched to the shareholders and made available on the same websites in due course.

By Order of the Board
China Silver Group Limited
Chen Wantian
Chairman

Hong Kong, 15 August, 2013

As of the date of this announcement, the executive Directors are Mr. Chen Wantian, Mr. Song Guosheng, and Mr. Chen Guoyu and the independent non-executive Directors are Dr. Li Haitao, Dr. Jiang Tao and Dr. Zeng Yilong.