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中國白銀集團
CHINA SILVER GROUP

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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 815)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

Placing Agent

安信國際
ESSENCE INTERNATIONAL

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announced that on 13 January 2016, after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its agent to procure placees who are Independent Third Parties to subscribe up to 50,000,000 Placing Shares at a price of HK$1.70 per Placing Share on a best effort basis on the terms and subject to the condition of the Placing Agreement. On 14 January 2016, the Placing Agent has procured one Placee (FIL Investment Management (Hong Kong) Limited) to subscribe 50,000,000 Placing Shares at the Placing Price.

The 50,000,000 Placing Shares represents (i) approximately 3.79% of the existing issued share capital of the Company of 1,320,846,589 Shares as at the date of this announcement; and (ii) approximately 3.65% of the issued share capital of the Company of 1,370,846,589 Shares as enlarged by the allotment and issue of the Placing Shares.

Assuming that all the Placing Shares are fully placed, the maximum gross proceeds from the Placing will be approximately HK$85 million. It is expected that the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) will amount to approximately HK$84 million. The Company intends to apply the net proceeds from the Placing for general working capital and other potential investments.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 am on 14 January 2016 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 am on 15 January 2016.

THE PLACING AGREEMENT

Date: 13 January 2016

Parties

(i) Issuer: The Company

(ii) Placing Agent: The Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Principal terms of the Placing Agreement

Placing Shares: The Company appointed the Placing Agent as its agent to procure placees who are Independent Third Parties to subscribe up to 50,000,000 Placing Shares at a price of HK$1.70 per Placing Share on a best effort basis. The Company was informed that, on 14 January 2016, the Placing Agent has procured one Placee (FIL Investment Management (Hong Kong) Limited) to subscribe for 50,000,000 Placing Shares at the Placing Price. The 50,000,000 Placing Shares represents (i) approximately 3.79% of the existing issued share capital of the Company of 1,320,846,589 Shares as at the date of this announcement; and (ii) approximately 3.65% of the issued share capital of the Company of 1,370,846,589 Shares as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK$500,000.

Placing Price: The price of HK$1.70 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

(a) a discount of approximately 12.8% to the closing price of HK$1.95 per Share as quoted on the Stock Exchange on 13 January 2016, being the Last Trading Day; and

(b) a discount of approximately 13.7% to the average closing price of approximately HK$1.97 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK$84 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK$1.68.

Placing Commission: The Placing Agent will receive a placing commission of 1% of the amount equal to the Placing Price multiplied by the number of the Placing Shares which the Placing Agent has procured the placees to subscribe for the Placing Shares. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

Ranking of the Placing Shares: The Placing Shares, when issued, will be fully paid up and will rank pari passu in all respects with other Shares in issue at the date of allotment and issue of the Placing Shares and the Placing Shares, when issued, will be free from all liens, charges, encumbrances and third party rights together with all rights attaching to them as at the date of their allotment.

Condition precedent to Completion: The Placing is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Placing Shares.

If the above condition is not fulfilled on or before 3 February 2016 or such later date as the Company and the Placing Agent may agree in writing, the Placing shall cease and neither party shall have any claim against the other party in respect of the Placing.

Completion: Completion is expected to take place on or before the fifth Business Day immediately after the date of the fulfillment of the closing condition or such other time or date as Company and the Placing Agent shall agree.

Termination: The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if:

(i) any event occurring or matter arising on or after the date of the Placing Agreement and prior to the date of Completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations given by the Company untrue or incorrect and such would have an adverse impact or effect on the Placing and comes to the notice of the Placing Agent; or

(ii) there develops, occurs or comes into force:

(a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Company as a whole; or

(b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Placing; or

(c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing; or

(iii) there is any material adverse change in the business or in the financial or trading position of the Company taken as a whole (which is not previously disclosed by the Company to the public in writing) and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing.

If a termination notice is given by the Placing Agent, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Application for listing: An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Information of the Placee

Placee	Number of Placing Shares
FIL Investment Management (Hong Kong) Limited, acting as professional fiduciary for certain accounts, is incorporated in Hong Kong as a limited liability corporation	50,000,000

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placee and its respective ultimate beneficial owner(s) are Independent Third Parties.

General Mandate

The 50,000,000 Placing Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 264,119,317 new Shares (up to 20% of the issued share capital of the Company (with the number of issued Shares of 1,320,596,589) as at the date of the extraordinary general meeting of the Company held on 9 November 2015). 200,000,000 Shares of the General Mandate have been utilised for the purpose of the proposed acquisition as detailed in the announcement dated 13 December 2015. The total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 64,119,317 new Shares. Upon Completion, 14,119,317 Shares of General Mandate remains unutilised by the Company.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Company, together with its subsidiaries, are principally engaged in the manufacture of silver and other non-ferrous metals for sale and the retailing of silver products in the PRC.

The Group continues to seek new opportunities with the view to expand and diversify the Group's businesses and to strive for best utilization of its resources in developing more profitable businesses. The Directors consider that the Placing offers a good opportunity to raise further capital of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group. The Directors consider that the terms of Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

Assuming that all the Placing Shares are fully placed, the maximum gross proceeds from the Placing will be approximately HK$85 million. It is expected that the net proceeds from the Placing (after deducting the placing commission payable to the Placing Agent and other expenses incurred in the Placing) will amount to approximately HK$84 million. The Company intends to apply the net proceeds from the Placing for general working capital and other potential investments. As at the date of this announcement, save for the proposed acquisition by the Company, details of which are set out in the announcement of the Company dated 13 December 2015, the Company has not entered into any legally binding agreements in relation to any investments. However, the additional capital on hand will facilitate the efficient execution of such potential investment projects, if any.

FUND RAISING DURING THE PAST TWELVE MONTHS

The following equity fund raising activity has been carried out by the Company in the twelve (12) months immediately prior to the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
8 May 2015, 13 May 2015 and 22 May 2015	Placing of 200,000,000 existing Shares and subscription of 200,000,000 new Shares at HK$2.64 each	Approximately HK$512 million	Approximately 30% of the net proceeds for the expansion of the Company's downstream silver retailing business, approximately 30% for the development of commodity trading platforms and related services and approximately 40% of the net proceeds for general working capital and other potential investments	Approximately 30% had been utilized for the expansion of the Company's downstream silver retailing business, approximately 5% for the development of commodity trading platforms and related services, approximately 35% for general working capital and other potential investments; approximately 30% (which are kept as bank deposits in the PRC/Hong Kong) remained unutilized and will be used as intended
27 May 2015 and 3 June 2015	Placing of 17,956,000 new Shares at HK$4.25 each	Approximately HK$74 million	The net proceeds will be applied for general working capital and other potential investments	The entire amount (which is kept as bank deposits in Hong Kong) remained unutilized and will be used as intended

EFFECT ON SHAREHOLDING OF THE PLACING

The shareholding structure of the Company before and after Completion, are as follows:

	As at the date of this announcement		Immediately after Completion	
	No. of Shares	*Approximate per cent.*	*No. of Shares*	*Approximate per cent.*
Chen Wantian *(Note)*	406,772,187	30.80	406,772,187	29.67
Luo Shandong	126,738,000	9.60	126,738,000	9.25
Public Shareholders:				
The Placee	–	–	50,000,000	3.65
Other public Shareholders	787,336,402	59.60	787,336,402	57.43
Total	1,320,846,589	100.00	1,370,846,589	100.00

Note:

Chen Wantian, an executive Director and Chairman of the Company, is deemed to be interested in 405,722,187 Shares owned by Rich Union Enterprises Limited as the legal owner of the entire issued share capital of Rich Union Enterprises Limited and is personally interested in 1,050,000 Shares.

GENERAL

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 am on 14 January 2016 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 am on 15 January 2016.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
"Company"	China Silver Group Limited (中國白銀集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Placing
"Completion Date"	on or before the fifth Business Day immediately after the date of the fulfillment of the condition of the Placing Agreement, or such other date or time as Company and the Placing Agent shall agree
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"General Mandate"	the general mandate granted to the Directors to allot, issue and deal with up to 264,119,317 Shares, representing approximately 20% of the issued share capital of the Company as at the extraordinary general meeting of the Company held on 9 November 2015
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Third Party(ies)"	party(ies) shall not be connected person(s) of the Company and shall be third parties independent of and not connected with any connected persons of the Company
"Last Trading Day"	13 January 2016, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placee(s)"	party(ies) procured by the Placing Agent to subscribe for any of the Placing Shares
"Placing"	the placing of the Placing Shares to the Placee pursuant to the Placing Agreement
"Placing Agent"	Essence International Securities (Hong Kong) Limited
"Placing Agreement"	the placing agreement dated 13 January 2016 entered into between the Company and the Placing Agent in respect of the Placing
"Placing Price"	HK$1.70 per placing Share
"Placing Share(s)"	up to 50,000,000 new Shares, to be allotted and issued pursuant to the terms and condition of the Placing Agreement
"PRC"	The People's Republic of China
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

By Order of the Board
CHINA SILVER GROUP LIMITED
Sung Kin Man
Chief Executive Officer and Executive Director

Hong Kong, 14 January 2016

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