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)

POTENTIAL DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF LAND USE RIGHTS: ENTERING INTO OF BID-WINNING CONFIRMATION LETTER

The board of directors (the "**Board**"; its members, the "**Directors**") of China Silver Group Limited (the "**Company**") is pleased to announce that on 23 August 2018 (after trading hours), Huzhou Baiyin Property Co., Ltd. (湖州白銀置業有限公司) ("**Huzhou Baiyin**"), an indirect non-wholly-owned subsidiary of the Company, entered into a bid-winning confirmation letter (the "**Bid-Winning Confirmation Letter**") with Huzhou Municipal Bureau of Land and Resources (湖州市國土資源局) (the "**Bureau**") in relation to Huzhou Baiyin's preferred bid for the land use rights over the Land Parcel (as defined below) in Huzhou, Zhejiang, the People's Republic of China (the "**PRC**"). Huzhou is located in the central area of the Yangtze River Delta, which is one of the most important markets for jewellery consumption in the PRC.

THE BID-WINNING CONFIRMATION LETTER

The principal terms of the Bid-Winning Confirmation Letter are summarised as follows:

Date: 23 August 2018

Parties:

(1) The Bureau, as the vendor

(2) Huzhou Baiyin, as the preferred bidder

The Bureau is a PRC governmental body in charge of the administration of land resources in Huzhou, Zhejiang, the PRC and the enforcement of relevant laws and regulations. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Bureau and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

Land parcel concerned:	State-owned construction land parcel No. 2018-73 (2018-73號國有建設用地), situated at Lot 02-03, Binhu East Unit, Taihu Resort Area (太湖度假區濱湖東單元02-03地塊), Huzhou, Zhejiang, the PRC, with a total site area of 103,397 m^2 (the "**Land Parcel**")
Confirmation and agreement:	Pursuant to the Bid-Winning Confirmation Letter, the Bureau and Huzhou Baiyin confirmed and agreed, among other things, that:

(i) Huzhou Baiyin had paid a cash deposit of RMB57,000,000 (the "**Deposit**") to participate in an online auction (the "**Auction**"), at which Huzhou Baiyin was the preferred bidder for the land use rights over the Land Parcel;

(ii) within 10 business days from the date of the Bid-Winning Confirmation Letter, Huzhou Baiyin shall enter into an assignment contract (the "**Assignment Contract**") with the Bureau to acquire the land use rights over the Land Parcel; and

(iii) if Huzhou Baiyin fails to enter into the Assignment Contract within 10 business days from the date of the Bid-Winning Confirmation Letter, then Huzhou Baiyin's status as the preferred bidder at the Auction shall be revoked and the Deposit shall be forfeited.

REASONS FOR ENTERING INTO THE BID-WINNING CONFIRMATION LETTER

The Company is a leading fully-integrated silver and precious metals enterprise in the PRC with three business segments, including (i) the manufacturing segment, i.e. manufacture and sale of silver ingots and other metal by-products; (ii) the new jewellery retail segment, i.e. retail and wholesale of gold, silver and jewellery products, operated under its non-wholly-owned subsidiary CSMall Group Limited (Stock Code: 1815); and (iii) the silver exchange segment, i.e. provision of a professional electronic platform and related services for silver trading. Following completion of the acquisition of land use rights under the Assignment Contract, the Company intends to construct on the Land Parcel a "silver town" which comprises the new jewellery retail segment's operating headquarters, research and development centre, design centre, product exhibition centre as well as logistics and distribution centre, thereby further building an industry cluster.

The entering into of the Bid-Winning Confirmation Letter recognises Huzhou Baiyin as the preferred bidder at the Auction and marks the first step in the Company's potential acquisition of the land use rights over the Land Parcel. The amount of the Deposit was stipulated in the Auction documents issued by the Bureau pursuant to applicable PRC laws and regulations.

Based on the above, the Directors believe that the terms of the Bid-Winning Confirmation Letter are fair and reasonable and in the interests of the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of the Deposit forfeitable under the Bid-Winning Confirmation Letter are less than 5%, the entering into of the Bid-Winning Confirmation Letter does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Notwithstanding the above, it is expected that the acquisition of land use rights under the Assignment Contract will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As soon as possible after Huzhou Baiyin enters into the Assignment Contract, the Company will publish a further announcement which will contain, among other things, principal terms of the Assignment Contract and further details of the Land Parcel and the Company's intended use of it.

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

23 August 2018, Hong Kong

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