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)

PROFIT WARNING

This announcement is made by China Silver Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on the Group's unaudited consolidated management accounts for the year ended 31 December 2019 ("**FY2019**") (which have not been confirmed, reviewed or audited by the Company's auditors or audit committee, and may be subject to adjustment) and other information currently available to the Group, the Group expects to record a net loss attributable to owners of the Company of RMB50 million to RMB60 million for FY2019, as compared to a net profit attributable to owners of the Company of approximately RMB149 million for the year ended 31 December 2018 ("**FY2018**"). Such expected turnaround from profit to loss is mainly attributable to the following factors:

(i) the one-off and non-cash share-based payment expenses recorded during FY2019 in connection with the new employee share scheme of the Company's non-wholly-owned subsidiary CSMall Group Limited (stock code: 1815) ("**CSMall**"), as explained in the Company and CSMall's joint announcement dated 6 May 2019 and CSMall's circular dated 31 July 2019; and

(ii) the one-off total impairment of all remaining goodwill associated with the Group's silver exchange segment recorded as at the end of FY2019 due to a re-estimation of its expected future cash flows.

Excluding the impact of the aforesaid one-off factors, the Group would have expected to record an increase of 35% to 45% in its net profit attributable to owners of the Company for FY2019, as compared to a net profit attributable to owners of the Company (after adding back, for illustration purposes only, the impairment of goodwill recorded as at the end of FY2018) of approximately RMB226 million for FY2018. This is mainly attributable to the rise in sales volume of the Group's manufacturing segment, which outweighed the decline in sales volume of the Group's new jewellery retail segment operated under CSMall and the decline in transaction volume of the Group's silver exchange segment.

The Company is still in the process of finalizing its annual results for FY2019. Detailed financial information and performance of the Group for FY2019 will be disclosed in the Company's annual results announcement for FY2019 which is expected to be published by the end of March 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. Chen Wantian, Mr. Song Guosheng and Mr. Liu Jiandong; and the independent non-executive directors of the Company are Mr. Song Hongbing, Dr. Li Haitao and Dr. Zeng Yilong.