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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)

INSIDE INFORMATION

RESUMPTION OF PRODUCTION OF A MAJOR SUBSIDIARY OF THE GROUP'S MANUFACTURING SEGMENT

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).

Reference is made to (i) the Company's announcement dated 7 June 2021 in relation to the suspension of production of Jiangxi Longtianyong Nonferrous Metals Co., Ltd. (江西龍天勇有色金屬有限公司) (“**Jiangxi Longtianyong**”), a major subsidiary of the Group's manufacturing segment, from 26 April 2021 onwards pending completion of certain rectification measures; (ii) the Company's announcement dated 25 August 2021 in relation to the relevant authorities' approval in principle of the partial resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the “**August 2021 Announcement**”); (iii) the Company's announcement dated 22 February 2022 in relation to, among other things, the progress of rectification of Jiangxi Longtianyong's production facilities (the “**February 2022 Announcement**”); and (iv) the Company's announcement dated 17 June 2022 in relation to the further progress of rectification of Jiangxi Longtianyong's production facilities and the resumption of production of its silver electrolysis production line on a commercial scale (the “**June 2022 Announcement**”).

The board of directors of the Company (the “**Board**”) wishes to provide shareholders with further business updates on (i) the approval of the report on environmental impact assessment in relation to Jiangxi Longtianyong; and (ii) the substantial resumption of production activities at Jiangxi Longtianyong.

FURTHER BUSINESS UPDATE ON THE APPROVAL OF THE REPORT ON ENVIRONMENTAL IMPACT ASSESSMENT IN RELATION TO JIANGXI LONGTIANYONG

As disclosed in the February 2022 Announcement and the June 2022 Announcement, as part of the efforts to fully resume production activities at Jiangxi Longtianyong, Jiangxi Longtianyong had been working to upgrade and enhance its production facilities for the clean production of tin and precious metals (including gold, silver and palladium) (the “**Project**”). As of the date of the June 2022 Announcement, the environmental impact report for the Project (the “**Report**”) was under further evaluation by the Ecological and Environmental Monitoring Center of Jiangxi Province (江西省生態環境監測中心)(the “**Provincial Monitoring Center**”) directly under the Department of Ecology and Environment of Jiangxi Province (江西省生態環境廳)(the “**Provincial Department**”) for the issuance of an evaluation opinion, and would undergo further review by the Provincial Department and then pre-approval public inspection before it could be formally approved by the relevant governmental authorities.

Subsequent to the June 2022 Announcement, the Report has undergone multiple rounds of pre-approval public inspection during late June to mid-July 2022, and an evaluation opinion from the Provincial Monitoring Center has been received. The Board is pleased to announce that the Report has been formally approved by the Provincial Department on 27 July 2022. Although there will be continuous monitoring, supervision and possible further rectification works before the final acceptance of the Project, it is expected that these post-approval procedures would not impede Jiangxi Longtianyong’s resumption of operation of the Silver Electrolysis Production Line and the Palladium Sponge Production Line (each as defined below).

FURTHER BUSINESS UPDATE ON THE SUBSTANTIAL RESUMPTION OF PRODUCTION ACTIVITIES AT JIANGXI LONGTIANYONG

As disclosed in the August 2021 Announcement, Jiangxi Longtianyong was notified on 24 August 2021 that the relevant governmental authorities had approved in principle the resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the **"Silver Electrolysis Production Line"**).

As disclosed in the February 2022 Announcement and the June 2022 Announcement, in parallel with the aforesaid environmental impact assessment process, Jiangxi Longtianyong had been constructing the production facilities for the Project, and had practically resumed the production activities of the Silver Electrolysis Production Line on a commercial scale since mid-June 2022.

Subsequent to the June 2022 Announcement, Jiangxi Longtianyong has continued with the construction works, among which it has completed the installation of facilities for the production of palladium sponge (a type of high-purity palladium product) from raw palladium (the **"Palladium Sponge Production Line"**). Following the aforesaid formal approval of the Report, Jiangxi Longtianyong has conducted continuous testing and trial run of the Palladium Sponge Production Line, and the Palladium Sponge Production Line has been officially put into operation on a commercial scale since 25 August 2022.

The sales of silver ingots and palladium in total accounted for approximately 91% of the external sales of the Group's manufacturing segment for the year ended 31 December 2020 (**"FY2020"**), being the full financial year immediately before the suspension of production of Jiangxi Longtianyong. The Board is pleased to announce that, with the resumption of commercial scale production of both the Silver Electrolysis Production Line and the Palladium Sponge Production Line, the Company would have substantially resumed its production activities at Jiangxi Longtianyong. With respect to other metal products whose sales accounted for the remaining approximately 9% of the external sales of the Group's manufacturing segment for FY2020, it is expected that, on the basis of the approval of the Report, the production of certain products such as tin and lead will resume after the installation, testing and trial run of the relevant production facilities, whilst the production of other products such as zinc oxide, bismuth and antimony will discontinue.

Jiangxi Longtianyong will continue to closely communicate with the relevant governmental authorities to achieve the final acceptance of the Project, and will also continue with the installation, testing and trial run of facilities for the production of products such as tin and lead. The Company will make further announcement(s) as necessary and when appropriate to keep shareholders informed of the latest progress.

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, 26 August 2022

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.