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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)

POSITIVE PROFIT ALERT

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 2023 (“**FY2023**”) (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 profit attributable to owners of the Company of RMB10 million to RMB25 million for FY2023, as compared to a net loss attributable to owners of the Company of approximately RMB120.8 million for the year ended 31 December 2022 (“**FY2022**”).

Such expected year-on-year turnaround from loss to profit is mainly attributable to the following factors:

- (i) in respect of the Group's manufacturing segment, as the silver electrolysis production line and palladium sponge production line have successively been put into operation on a commercial scale since June and August 2022 after the segment's suspension of production for more than a year, the amount of external sales of silver ingots for FY2023 was significantly higher than that for FY2022. Besides, output-value-based subsidies provided by the local government led to a slight reduction in the per-unit cost of sales. These reasons resulted in a significant segment profit for FY2023 compared to a segment loss for FY2022; and
- (ii) in respect of the Group's discontinued operation (classified as the Group's silver exchange segment prior to 1 November 2023), its loss for FY2022 was mainly attributable to a non-recurring impairment loss on certain intangible assets of approximately RMB57.7 million recognized in FY2022, while no such impairment loss on intangible assets was recognized in FY2023,

which are partially offset by the following unfavorable factors:

- (iii) in respect of the Group's new jewellery retail segment operated under the Company's non-wholly-owned subsidiary CS Mall Group Limited (stock code: 1815) ("**CS Mall**"), although the sales volume for FY2023 increased compared to FY2022, the increase was mainly attributable to the growth in sales of gold products, which had a lower gross profit margin compared to other jewellery products, thereby lowering the overall gross profit margin of the segment and resulting in a segment loss for FY2023; and

(iv) in respect of the Group's fresh food retail segment operated under CS Mall, the "Nongmuren" S2B2C platform was still in a consolidation stage with a focus on optimizing its network of collaborative stores, diversifying its product offerings and adjusting its business strategies. Besides, hog prices in Mainland China during FY2023 were generally lower than those during FY2022, which reduced shopkeepers' appetite for trade and thus the amount of hog transacted. For these reasons, the sales volume for FY2023 was significantly lower than that for FY2022, while the cost of sales and other related costs and expenses were also significantly reduced accordingly. Overall, given its status of development, the segment had not started to generate a net profit during FY2023.

The Company is still in the process of finalizing its annual results for FY2023. Detailed financial information and performance of the Group for FY2023 will be disclosed in the Company's annual results announcement for FY2023 which is expected to be published by the end of March 2024.

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 2024

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.