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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS OF 2024 ANNUAL RESULTS

The Group's revenue for 2024 was approximately RMB4,313.7 million (2023: RMB5,455.0 million), representing a decrease of approximately 20.9% as compared to that for 2023, primarily driven by the decrease of sales in both the Manufacturing segment and New Jewellery Retail segment, which have decreased by approximately RMB888.4 million and RMB252.9 million respectively.

For 2024, the Group recorded a net profit attributable to owners of the Company of approximately RMB10.0 million (2023: RMB14.5 million), such decrease in net profit was mainly due to the combined effects of the following factors:

- (i) in respect of the Group's New Jewellery Retail segment, although the segment's overall sales volume for this year had reduced due to a significant decrease in sales of gold products, the segment had recorded a growth in sales of silver products, which had a significantly higher gross profit margin compared to gold products, resulting in an increase in gross profit for the segment and thus a turnaround from a segment loss of approximately RMB7.8 million for 2023 to segment profit of approximately RMB9.9 million for 2024;

- (ii) in respect of the Group’s Manufacturing segment, due to a decrease in macro demand in silver ingots, the amount of external sales of silver ingots for 2024 had reduced compared to 2023, and recorded a decrease in segment profit of approximately RMB55.5 million for 2023 to approximately RMB49.2 million for this year. Nonetheless, benefiting from a reduction in cost of sales as a result of improved cost control, the segment had recorded a slight increase in gross profit margin for 2024; and
- (iii) in respect of the Group’s Fresh Food Retail segment, which constituted part of the Group prior to the disposal of such segment on 13 January 2025 (classified as the Group’s discontinued operation), given that the “Nongmuren” S2B2C platform had been continuously undergoing business reorganization and adjusting its business strategies throughout 2024, the sales volume for 2024 had significantly reduced compared to that of 2023. In addition, a net provision for impairment loss under expected credit loss model of approximately RMB28.1 million was recognized for 2024 in respect of the segment’s trade and other receivables, as compared to approximately RMB11.1 million for 2023, resulting in an increase in segment loss of approximately RMB27.5 million for 2023 to approximately RMB44.6 million for 2024.

The board of directors (individually, a “**Director**”, or collectively, the “**Board**” or the “**Directors**”) of China Silver Group Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the year ended 31 December 2024 (or the “**current year**”, “**this year**” or “**during the year**”), together with the audited comparative figures for the year ended 31 December 2023 (or the “**last year**” or “**prior year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Continuing operations			
Revenue	4	4,313,714	5,455,006
Cost of sales		<u>(4,202,621)</u>	<u>(5,346,381)</u>
Gross profit		111,093	108,625
Other income, net		5,740	10,425
Other gains and losses, net	5	(2,545)	(9,953)
Selling and distribution expenses		(18,636)	(23,560)
Administrative expenses		(44,375)	(50,927)
Research and development expenses		(789)	(771)
Provision for impairment loss under expected credit loss model, net	11	(2,301)	(2,727)
Finance costs		<u>(26,639)</u>	<u>(25,091)</u>
Profit before income tax		21,548	6,021
Income tax credit (expense)	6	<u>859</u>	<u>(923)</u>
Profit for the year from continuing operations	7	22,407	5,098
Discontinued operations			
Loss for the year from discontinued operations	12	<u>(44,609)</u>	<u>(25,065)</u>
Loss for the year		<u><u>(22,202)</u></u>	<u><u>(19,967)</u></u>
Other comprehensive income, net of income tax			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investment in an equity instrument at fair value through other comprehensive income (“FVTOCI”)		<u>—</u>	<u>184</u>
Loss and total comprehensive expense for the year		<u><u>(22,202)</u></u>	<u><u>(19,783)</u></u>

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Profit (loss) for the year attributable to:			
Owners of the Company		9,966	14,549
Non-controlling interests		<u>(32,168)</u>	<u>(34,516)</u>
		<u>(22,202)</u>	<u>(19,967)</u>
Profit (loss) for the year attributable to Owners of the Company arises from:			
Continuing operations		20,827	17,737
Discontinued operations		<u>(10,861)</u>	<u>(3,188)</u>
		<u>9,966</u>	<u>14,549</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		9,966	14,733
Non-controlling interests		<u>(32,168)</u>	<u>(34,516)</u>
		<u>(22,202)</u>	<u>(19,783)</u>
Total comprehensive income (expense) for the year attributable to Owners of the Company arises from:			
Continuing operations		20,827	17,921
Discontinued operations		<u>(10,861)</u>	<u>(3,188)</u>
		<u>9,966</u>	<u>14,733</u>
		<i>RMB</i>	<i>RMB</i>
Profit per share			
For continuing and discontinued operations			
Basic	9	<u>0.005</u>	<u>0.007</u>
Diluted		<u>0.005</u>	<u>0.007</u>
For continuing operations			
Basic		<u>0.011</u>	<u>0.009</u>
Diluted		<u>0.011</u>	<u>0.009</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		98,915	113,033
Goodwill		–	12,476
Right-of-use assets		19,057	20,300
Intangible assets		6,796	8,910
Investment in associates		–	12
Deferred tax assets		4,932	4,709
		<hr/> 129,700	<hr/> 159,440
Current assets			
Inventories		1,111,866	1,087,498
Trade and other receivables	<i>10</i>	140,542	142,793
Income tax recoverable		736	736
Pledged bank deposits		39,800	107,900
Bank balances and cash		526,342	524,682
		<hr/> 1,819,286	<hr/> 1,863,609
Assets of a disposal group classified as held for sale	<i>12</i>	29,890	–
		<hr/> 1,849,176	<hr/> 1,863,609
Current liabilities			
Trade, bills and other payables	<i>13</i>	198,200	318,019
Lease liabilities – current portion		699	3,989
Contract liabilities		5,577	3,584
Amount due to non-controlling interests		6,396	22,513
Amount due to the ultimate shareholder		40,010	–
Deferred income		714	714
Income tax payable		8,501	9,290
Bank and other borrowings	<i>14</i>	400,921	421,200
		<hr/> 661,018	<hr/> 779,309
Liabilities directly associated with assets classified as held for sale	<i>12</i>	97,732	–
		<hr/> 758,750	<hr/> 779,309
NET CURRENT ASSETS		<hr/> 1,090,426	<hr/> 1,084,300
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,220,126	<hr/> 1,243,740

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Capital and reserves		
Share capital	15,935	15,935
Share premium and reserves	<u>445,502</u>	<u>435,536</u>
Equity attributable to the owners of the Company	461,437	451,471
Non-controlling interests	<u>756,911</u>	<u>786,629</u>
TOTAL EQUITY	<u>1,218,348</u>	<u>1,238,100</u>
Non-current liabilities		
Deferred tax liabilities	–	1,355
Lease liabilities – non-current portion	409	2,202
Deferred income	<u>1,369</u>	<u>2,083</u>
	<u>1,778</u>	<u>5,640</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u><u>1,220,126</u></u>	<u><u>1,243,740</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

China Silver Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 July 2012 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 28 December 2012.

The address of the registered office is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and principal place of business in Hong Kong of the Company is Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are (i) the manufacture, sale and trading of silver ingots, palladium and other non-ferrous metals in the People’s Republic of China (the “**PRC**”); and (ii) design and sale of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC.

On 5 November 2024, Shenzhen Guojintongbao Company Limited* (深圳國金通寶有限公司) (“**Shenzhen Guojintongbao**”, which is a wholly-owned subsidiary of the CS Mall Group and a non-wholly-owned subsidiary of the Group) entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Shanghai Xinding Metallic Materials Co., Ltd* (上海鑫鼎金屬材料有限公司) (“**Shanghai Xinding**”) to dispose of the Group’s entire 51% equity interest in Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司) (“**Shenzhen Xiansheng**”, together with its subsidiaries, the “**Nongmuren Group**” or the “**Disposal Group**”) to Shanghai Xinding at a consideration of RMB300,000. The transaction was completed subsequently on 13 January 2025. Accordingly, the financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as “**Discontinued Operation**” in accordance with IFRS 5 “**Non-current Assets Held for Sales and Discontinued Operations**”. Comparative figures for 2023 have also been restated.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

* *The English name is for identification only*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements has been prepared under the historical cost convention except for assets classified as held for sale that are measured at the lower of their carrying amount and fair value less costs to sell at the end of each reporting period.

2.1(a) New standards and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2024:

Amendments to IAS 1	Classification of Liabilities as Current and Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback
Amendment to IAS 7 and IFRS 7	Supplier Finance Arrangements

The new standards and amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1(b) New standards and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IAS 21 and IFRS 1	Lack of Exchangeability (amendments) ¹
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments) ²
IFRS 18	Presentation and Disclosure in Financial Statements (new standard) ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard) ³
IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) ⁴

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

In July 2024, IASB issued IFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss and other comprehensive income, which will affect how the Group presents and disclose financial performance in the consolidated financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The directors of the Company are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Certain new standards and amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These new standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The Group has two operating and reportable segments (2023: three segments). Management determines the operating segments, based on information reported to the chief operating decision makers (“**CODM**”) (i.e., the executive directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

- i) manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC (“**Manufacturing segment**”); and
- ii) designing and sales of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC (“**New Jewellery Retail segment**”).

The operation of fresh food retail segment of the Group was discontinued during the year ended 31 December 2024 and the operation of silver exchange segment of the group was discontinued and disposed during the year ended 31 December 2023. The segment information reported on the next pages does not include any amounts for the discontinued operations, which are described in more details in note 12.

The Group’s operating segments also represent its reportable segments.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2024

	Manufacturing segment <i>RMB'000</i>	New Jewellery Retail segment <i>RMB'000</i>	Segment total <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Continuing operations					
Revenue					
External sales	4,156,144	157,570	4,313,714	–	4,313,714
Inter-segment sales*	3,956	–	3,956	(3,956)	–
Total segment revenue	4,160,100	157,570	4,317,670	(3,956)	4,313,714
Results					
Segment results	49,229	9,850	59,079		59,079
Non-segment items					
Unallocated income, expenses, gains and losses					(10,892)
Unallocated finance costs					(26,639)
Profit before income tax from continuing operations					
					21,548
Income tax credit					859
Profit for the year from continuing operations					
					22,407

* *Inter-segment sales are carried out on terms agreed between counterparties.*

For the year ended 31 December 2023 (Restated)

	Manufacturing segment <i>RMB'000</i>	New Jewellery Retail segment <i>RMB'000</i>	Segment total <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Continuing operations					
Revenue					
External sales	5,044,548	410,458	5,455,006	–	5,455,006
Inter-segment sales*	48,427	–	48,427	(48,427)	–
Total segment revenue	5,092,975	410,458	5,503,433	(48,427)	5,455,006
Results					
Segment results	55,531	(7,837)	47,694		47,694
Non-segment items					
Unallocated income, expenses, gains and losses					(18,218)
Gain on disposal of discontinued operation					1,636
Unallocated finance costs					(25,091)
Profit before income tax from continuing operations					6,021
Income tax expense					(923)
Profit for the year from continuing operations					5,098

* *Inter-segment sales are carried out on terms agreed between counterparties.*

Segment results represent profit earned (loss incurred) by each segment, without allocation of property, administrative expenses, certain other income, certain other gains and losses, and certain finance costs. This is the measure reported to the Company's executive directors for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating and reportable segments is as follows:

At 31 December 2024

	Manufacturing segment RMB'000	New Jewellery Retail segment RMB'000	Total RMB'000
Assets			
Segment assets	<u>431,444</u>	<u>1,515,465</u>	<u>1,946,909</u>
Assets of discontinued operation			29,890
Unallocated corporate assets			<u>2,077</u>
Total assets			<u><u>1,978,876</u></u>
Liabilities			
Segment liabilities	<u>458,597</u>	<u>190,811</u>	<u>649,408</u>
Liabilities of discontinued operation			97,732
Unallocated corporate liabilities			<u>13,388</u>
Total liabilities			<u><u>760,528</u></u>

At 31 December 2023 (Restated)

	Manufacturing segment <i>RMB'000</i>	New Jewellery Retail segment <i>RMB'000</i>	Total <i>RMB'000</i>
Assets			
Segment assets	<u>456,673</u>	<u>1,507,768</u>	<u>1,964,441</u>
Assets of discontinued operation			57,048
Unallocated corporate assets			<u>1,560</u>
Total assets			<u><u>2,023,049</u></u>
Liabilities			
Segment liabilities	<u>515,851</u>	<u>171,604</u>	<u>687,455</u>
Liabilities of discontinued operation			80,313
Unallocated corporate liabilities			<u>17,181</u>
Total liabilities			<u><u>784,949</u></u>

(c) **Other segment information**

For the year ended 31 December 2024

	Manufacturing segment <i>RMB'000</i>	New Jewellery Retail segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segment assets				
Continuing operations				
Amortisation of intangible assets	(362)	–	–	(362)
Depreciation of property, plant and equipment	(11,079)	(3,495)	–	(14,574)
Depreciation of right-of-use assets	(435)	(1,080)	(990)	(2,505)
Provision for impairment loss under expected credit loss model, net	–	(2,301)	–	(2,301)
Loss on write-off and disposal of property, plant and equipment	<u>(321)</u>	<u>–</u>	<u>–</u>	<u>(321)</u>

For the year ended 31 December 2023 (Restated)

	Manufacturing segment <i>RMB'000</i>	New Jewellery Retail segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segment assets				
Continuing operations				
Amortisation of intangible assets	(361)	–	–	(361)
Depreciation of property, plant and equipment	(11,989)	(3,885)	–	(15,874)
Depreciation of right-of-use assets	(435)	(2,598)	(911)	(3,944)
Reversal of (Provision for) impairment loss under expected credit loss model, net	180	(2,907)	–	(2,727)
Loss on write-off and disposal of property, plant and equipment	<u>(3,950)</u>	<u>–</u>	<u>–</u>	<u>(3,950)</u>

(d) Geographical information

The Group's operations are located in the mainland of the PRC. Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Continuing operations				
The mainland of the PRC	4,313,714	5,455,006	123,645	132,724
Hong Kong	—	—	1,123	742
	<u>4,313,714</u>	<u>5,455,006</u>	<u>124,768</u>	<u>133,466</u>
Discontinued operations				
The mainland of the PRC	<u>2,667</u>	<u>103,185</u>	—	<u>21,265</u>
	<u>4,316,381</u>	<u>5,558,191</u>	<u>124,768</u>	<u>154,731</u>

Note: Non-current assets excluded deferred tax assets.

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A [#]	1,142,134	1,374,632
Customer B [#]	993,699	827,958
Customer C [#]	—*	637,328

[#] Revenue from sales of silver ingot in Manufacturing segment.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group during the relevant financial year.

4 REVENUE

Disaggregation of revenue from contracts with customers

Segments	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations		
By types of goods		
Manufacturing segment		
– Sales of silver ingots	<u>4,156,144</u>	<u>5,044,548</u>
New Jewellery Retail segment		
– Sales of silver products	137,643	104,149
– Sales of gold products	15,629	300,701
– Sales of colored gemstones	3,574	3,105
– Sales of gem-set and other jewellery products	<u>724</u>	<u>2,503</u>
	<u>157,570</u>	<u>410,458</u>
Total	<u>4,313,714</u>	<u>5,455,006</u>

All of the revenue are recognised at a point in time during the years ended 31 December 2024 and 2023.

5 OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations		
Net exchange loss	(2,224)	(7,639)
Loss on write-off and disposal of property, plant and equipment	(321)	(3,950)
Gain on disposal of discontinued operation (<i>Note 12(ii)</i>)	<u>–</u>	<u>1,636</u>
	<u>(2,545)</u>	<u>(9,953)</u>

6 INCOME TAX (CREDIT) EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Continuing operations		
The PRC Enterprise Income Tax (“EIT”)		
– current year	4,499	1,124
– overprovision in respect of prior years	<u>(5,135)</u>	<u>–</u>
	(636)	1,124
Deferred taxation – current year	<u>(223)</u>	<u>(201)</u>
	<u><u>(859)</u></u>	<u><u>923</u></u>

The Group had no assessable profits subject to tax in any jurisdictions other than the PRC for both years.

Under the Law of the PRC on EIT (the “EIT Law”) and its related implementation regulations, the Group’s PRC subsidiaries are subject to the PRC EIT at the statutory rate of 25% from 1 January 2008 onward.

7 PROFIT FOR THE YEAR

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Continuing operations		
Directors' emoluments	4,652	4,652
Other staff costs:		
– Salaries and other allowances	17,125	20,620
– Retirement benefit scheme contributions	2,080	2,533
	<hr/>	<hr/>
Total staff costs	23,857	27,805
	<hr/>	<hr/>
Auditor's remuneration	2,124	2,063
Amortisation of intangible assets	362	361
Cost of inventories recognised as expenses (included in cost of sales)	4,202,621	5,346,381
Depreciation of property, plant and equipment	14,574	15,874
Depreciation of right-of-use assets	2,505	3,943
Expenses on short-term leases in respect of office premises and retail shops	2,004	127
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

No dividends were paid, declared or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

9 PROFIT PER SHARE

The calculations of the basic and diluted profit per share attributable to owners of the Company are based on the following data:

	2024	2023 (Restated)
Profit (loss)		
Profit for the year attributable to the owners of the Company from continuing operations for the purposes of basic and diluted profit per share (RMB'000)	20,827	17,737
Loss for the year attributable to the owners of the Company from discontinued operations for the purposes of basic and diluted loss per share (RMB'000)	<u>(10,861)</u>	<u>(3,188)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic profit per share (in thousand)	1,954,081	1,954,081
Effects of dilutive potential ordinary shares:		
– Share options of the Company (in thousand)	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of diluted profit per share (in thousand)	<u>1,954,081</u>	<u>1,954,081</u>

For the years ended 31 December 2024 and 2023, the computation of diluted profit per share does not assume the exercise of the Company's outstanding options because the effect of exercise of these options was anti-dilutive.

10 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables for contracts with customers	73,603	79,354
Less: allowance for expected credit losses in respect of trade receivables	<u>(18,464)</u>	<u>(22,293)</u>
	55,139	57,061
Other receivables, deposits and prepayments	26,864	70,669
Less: allowance for expected credit losses in respect of other receivables	–	(5,859)
Prepayments to suppliers (<i>Note</i>)	51,015	4,644
Value-added tax (“VAT”) recoverable	6,572	15,359
Refundable rental deposits	<u>952</u>	<u>919</u>
	<u><u>140,542</u></u>	<u><u>142,793</u></u>

Note:

The balance represents prepayments for purchase of inventories under the Group’s Manufacturing and New Jewellery Retail segments.

Before accepting any new customer, other than those settling by cash or credit card, the Group assesses the potential customer’s credit quality and defines its credit limits based on reputation of the customer in the industry. The Group does not grant any credit period to its retail customers and generally grants its corporate customers a credit period ranging from 1 to 90 days and requires advance deposits from its customers before delivery of goods.

The ageing analysis of the Group's trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	45,660	51,317
31 to 60 days	744	633
61 to 90 days	305	188
Over 90 days	8,430	4,923
	<u>55,139</u>	<u>57,061</u>

As at 31 December 2024, included in the Group's trade receivables, net of allowance of credit losses, were debtors with an aggregate carrying amount of RMB9,582,000 (2023: RMB5,894,000) which were past due as at the reporting date. Out of the past due balances, RMB8,330,000 (2023: RMB4,618,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer. The Group does not hold any collateral over these balances.

**11 PROVISION FOR IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL,
NET**

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Continuing operations		
Provision for impairment loss recognised in respect of trade receivables, net	<u>2,301</u>	<u>2,727</u>

12 DISCONTINUED OPERATIONS

(i) Disposal of Shenzhen Xiansheng

On 5 November 2024, Shenzhen Guojintongbao entered into the Equity Transfer Agreement with an independent third party in relation to the disposal of the Group's entire 51% equity interest in an indirect non-wholly-owned subsidiary, Shenzhen Xiansheng which constituted the Fresh Food Retail segment of the Group together with its subsidiaries, for a consideration of RMB300,000. The disposal transaction was completed subsequently on 13 January 2025.

Following the disposal of Shenzhen Xiansheng, the Group discontinued its operation in sales of fresh food. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent the Fresh Food Retail segment as a discontinued operation. Financial information relating to the discontinued operation for the year is set out below.

(a) **Financial performance and cash flow information**

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,667	90,074
Cost of sales and services provided	(2,088)	(89,576)
Gross profit	579	498
Other income, net	–	1,076
Selling and distribution expenses	(4,645)	(12,948)
Administrative expenses	(3,700)	(4,245)
Research and development expenses	–	(215)
Provision for impairment loss under expected credit loss model, net	(28,058)	(11,082)
Impairment loss on goodwill	(8,504)	–
Share of loss of associates	–	(28)
Finance costs	(475)	(571)
Loss before income tax	(44,803)	(27,515)
Income tax credit (expense)	194	(34)
Loss for the year from discontinued operation	<u>(44,609)</u>	<u>(27,549)</u>
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	(10,861)	(5,672)
Non-controlling interests	(33,748)	(21,877)
	<u>(44,609)</u>	<u>(27,549)</u>

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year from discontinued operation		
include the following:		
Other staff costs:		
– Salaries and other allowances	4,344	10,579
– Retirement benefit scheme contributions	481	968
	<hr/>	<hr/>
Total staff costs	4,825	11,547
Amortisation of intangible assets	774	775
Cost of inventories and services recognised as expenses (including in cost of sales and services provided)	2,088	89,576
Depreciation of property, plant and equipment	62	102
Depreciation of right-of-use assets	1,525	1,443
	<hr/> <hr/>	<hr/> <hr/>
Cash flows from discontinued operation:		
Net cash outflows from operating activities	(3,373)	(5,980)
Net cash inflows from investing activities	–	37
Net cash inflows from financing activities	3,227	1,265
	<hr/>	<hr/>
Net decrease in cash and cash equivalents in the discontinued operation	(146)	(4,678)
	<hr/> <hr/>	<hr/> <hr/>

(b) Assets and liabilities of Disposal Group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2024:

	<i>RMB'000</i>
Assets classified as held for sale	
Property, plant and equipment	407
Right-of-use assets	1,362
Goodwill	3,972
Intangible asset	4,647
Investment in associates	12
Inventories	556
Trade and other receivables	18,460
Bank balances and cash	474
	<hr/>
Total assets of Disposal Group held for sale	29,890
	<hr/> <hr/>
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	61,174
Amount due to a non-controlling interest	22,978
Lease liabilities	4,419
Deferred tax liabilities	1,161
Bank borrowings	8,000
	<hr/>
Total liabilities of Disposal Group held for sale	97,732
	<hr/> <hr/>

* *The English name is for identification only*

(ii) Disposal of Ultimate Deal Group Limited

On 28 September 2023, the Group entered into a Share Purchase Agreement with an independent third party in relation to the disposal of entire equity interest of a wholly-owned subsidiary, Ultimate Deal Group Limited (“**Ultimate Deal**”), together with its subsidiaries (collectively referred to as the “**Shanghai Huatong Group**”) which carried out all of the Group’s silver exchange business, for a consideration of RMB8,000,000. The disposal was completed on 1 November 2023.

Following the disposal of Ultimate Deal, the Group discontinued its operation in silver exchange business. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the silver exchange segment as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(a) Financial performance and cash flow information

	For the ten months ended 31 October 2023 RMB'000
Revenue	13,111
Cost of services provided	<u>(2,377)</u>
Gross profit	10,734
Other income, net	2,545
Other gains and losses, net	(39)
Selling and distribution expenses	(50)
Administrative expenses	<u>(10,503)</u>
Profit before income tax	2,687
Income tax expense	<u>(203)</u>
Profit for the period from discontinued operation	<u><u>2,484</u></u>
Profit for the period from discontinued operation include the following:	
Other staff costs:	
– Salaries and other allowances	2,740
– Retirement benefit scheme contributions	<u>1,084</u>
Total staff costs	3,824
Amortisation of intangible assets	2,802
Depreciation of property, plant and equipment	951
Depreciation of right-of-use assets	3
Cost of services recognised as expenses (included in cost of services provided)	<u><u>2,377</u></u>
Cash flows from discontinued operation:	
Net cash outflows from operating activities	(107)
Net cash outflows from investing activities	(114)
Net cash inflows from financing activities	<u>–</u>
Net decrease in cash and cash equivalents in the discontinued operation	<u><u>(221)</u></u>

Analysis of net cash flows in respect of the disposal of discontinued operation is as follows:

	<i>RMB'000</i>
Cash consideration received	8,000
Cash and cash balances disposed of	<u>(2,603)</u>
	<u><u>5,397</u></u>

(b) Details of the disposal of discontinued operation

	<i>RMB'000</i>
Consideration received	8,000
Carrying amount of net assets sold	(5,925)
Transaction costs and other closing adjustments	<u>(439)</u>
Gain on disposal of discontinued operation (<i>note 5</i>)	<u><u>1,636</u></u>

The carrying amounts of assets and liabilities in relation to the discontinued operation as at 31 October 2023 were:

	<i>RMB'000</i>
Non-current assets	
Property, plant and equipment	1,396
Right-of-use assets	1
Intangible assets	21,473
Deferred tax assets	1,375
Equity instrument at FVTOCI	<u>7,532</u>
	----- 31,777
Current assets	
Trade and other receivables	1,464
Restricted bank balances	35,326
Bank balances and cash	<u>2,603</u>
	----- 39,393
Total assets	<u><u>71,170</u></u>
Current liabilities	
Trade and other payables	37,099
Amount due to 上海華通白銀國際交易中心 ("Huatong International")	18,977
Deferred income	<u>1,468</u>
	----- 57,544
Non-current liability	
Deferred income	----- 7,701
Total liabilities	<u><u>65,245</u></u>

13 TRADE, BILLS AND OTHER PAYABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	19,609	42,031
Other payables and accrued expenses (<i>Note i</i>)	72,604	105,771
Bills payables (<i>Note ii</i>)	79,600	147,800
VAT and other tax payables	18,974	15,004
Provision for termination of assignment contracts (<i>Note iii</i>)	7,413	7,413
	<u>198,200</u>	<u>318,019</u>

Notes:

- i) As at 31 December 2024, the interest payable amounted to nil (2023: RMB147,800).
- ii) As at 31 December 2024, bills payables amounting to RMB79,600,000 (2023: RMB147,800,000) are secured by pledged bank deposits of RMB39,800,000 (2023: RMB107,900,000). All bills payables are issued to a supplier of the Manufacturing segment.
- iii) In September 2018, Huzhou Baiyin Property Co., Ltd. (湖州白銀置業有限公司) (“**Huzhou Baiyin**”), an indirect wholly-owned subsidiary of the Group entered into an assignment contract (the “**Contract**”) with Huzhou South Taihu New District Management Committee (the “**Committee**”) and Huzhou Municipal Bureau of Natural Resources and Planning (the “**Bureau**”) in relation to the acquisition of the land use right over a piece of land located in Huzhou, the PRC (the “**Acquisition**”). The total consideration for the land use right was RMB285,000,000.

On 29 and 30 June 2020, Huzhou Baiyin entered into a termination agreement (the “**Termination Agreement**”) with the Committee and the Bureau, and a compensation agreement with the Committee, pursuant to which the Committee and the Bureau agreed to terminate the Contract and the Committee agreed to refund the deposits received amounting to RMB270,875,000 (the “**Compensation Sum**”) and compensate for (i) the capital expenditure and other expenses incurred by the Group in connection with the exploration, design and pre-construction works on the land; and (ii) certain taxes paid by another indirect wholly-owned subsidiary of the Group.

As at 31 December 2021, the Group had already paid an aggregate amount of RMB290,094,000 in relation to the Acquisition and fully received the Compensation Sum. As at 31 December 2024, however, certain pre-construction costs that had been incurred before the termination of the Acquisition remained payable by the Group, which amounted to RMB7,413,000 (2023: RMB7,413,000).

* *The English name is for identification only*

The ageing analysis of the Group's trade payables based on the invoice dates at the end of the reporting period is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	4,300	17,659
31 to 60 days	9	60
61 to 90 days	14	292
Over 90 days	15,286	24,020
	<u>19,609</u>	<u>42,031</u>

The credit period of purchase of goods and subcontracting costs on processing silver products generally ranges from 1 to 90 days.

14 BANK AND OTHER BORROWINGS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Secured bank borrowings carrying interest at fixed rate, repayable within one year and without repayment on demand clause	136,000	189,500
Secured bank borrowings carrying interest at floating rate, repayable within one year and without repayment on demand clause	119,921	231,700
Unsecured other borrowings carrying interest at floating rate, repayable within one year and without repayment on demand clause	145,000	—
	<u>400,921</u>	<u>421,200</u>

The effective interest rate of the Group’s bank and other borrowings (which is also equal to contracted interest rate) during the year is as follows:

	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Effective interest rate per annum	<u>6.63%</u>	<u>5.52%</u>

The total banking facility granted to the Group amounted to RMB300,700,000 (2023: RMB445,000,000) of which RMB255,921,000 (2023: RMB421,200,000) were utilised.

As at 31 December 2024, bank borrowings are secured and/or guaranteed by (i) leasehold land and building with aggregate carrying amount of RMB15,155,000 and RMB49,948,000 respectively; (ii) personal guarantee and properties held by a director of the Company, Mr. Chen Wantian and his spouse; (iii) corporate guarantee and certain assets of a supplier and independent third parties and (iv) personal guarantee from directors of subsidiaries (2023: (i) leasehold land and building with aggregate carrying amount of RMB15,590,000 and RMB57,766,000 respectively; (ii) personal guarantee and properties held by a director of the Company, Mr. Chen Wantian and his spouse; (iii) corporate guarantee and certain assets of a supplier and independent third parties and (iv) personal guarantee from directors of subsidiaries).

Bank and other borrowings of RMB281,000,000 as at 31 December 2024 (2023: RMB189,500,000) carry interest at fixed rates, ranging from 4.25% to 10.95% (2023: from 4.25% to 5.61%) per annum and RMB119,921,000 (2023: RMB231,700,000) carry interest at loan prime rate plus from 1.85% to 2.80% (2023: from 0.91% to 2.80%) per annum.

15 ACQUISITION OF A SUBSIDIARY ACCOUNTED FOR AS AN ASSET ACQUISITION

On 15 August 2024, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Group, entered into an equity transfer agreement with Jiangxi Huiying Trading Company Limited* (江西輝穎貿易有限公司) (the “**Vendor**”), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 51% equity interest in Jiangxi Letong New Materials Company Limited* (江西樂通新材料有限公司) (the “**Target Company**”) for a total consideration of RMB2,550,000.

On 21 August 2024, the Group completed the acquisition of the Target Company, a company incorporated in the PRC with limited liability. The Target Company holds 100% equity interest in Tibet Longtianyong Mining Company Limited* (西藏龍天勇礦業有限公司) (“**Tibet Longtianyong**”), a PRC-incorporated limited liability company principally engaged in the exploration of lead and zinc mines.

The acquisition was undertaken to secure exploration rights for a mine and obtain a property for use as staff quarters as part of the Group's future business development. Given the nature of the assets acquired, the transaction has been accounted for as an acquisition of assets.

The identifiable assets and liabilities arising from this transaction are as follows:

	<i>RMB'000</i>
Exploration right	472
Right-of-use assets	2,799
Other receivables	2,877
Bank balances and cash	63
Other payables	(1,211)
A non-controlling interest	<u>(2,450)</u>
Purchase consideration	2,550
Less: cash and cash equivalent balances acquired	<u>(63)</u>
Net cash outflow on acquisition of the Target Company	<u><u>2,487</u></u>

* *The English name is for identification only.*

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2024, the Group had three business segments, including (i) Manufacturing segment, i.e. manufacturing, sales and trading of silver ingots in the PRC; (ii) New Jewellery Retail segment operated under CS Mall Group Limited (stock code: 1815) (“**CS Mall Group**”), a non-wholly-owned subsidiary of the Company, i.e. designing and sales of gold, silver, colored gemstones, gemset and other jewellery products in the PRC; and (iii) Fresh Food Retail segment also under CS Mall Group (classified as discontinued operation), i.e. integrated online-and-offline sales of fresh food in the PRC, and providing related electronic platforms and branding and software as a service (“**SaaS**”) services along the agricultural supply chain in the PRC.

As disclosed in the announcements jointly issued by the Company and CS Mall Group dated 5 November 2024 and 15 January 2025, various factors unfavorable to the operation and development of the Jiangsu Nongmuren platform (i.e. the Fresh Food Retail Segment) gradually emerged since the Group’s investment into the Nongmuren Group in 2021, including that the meat market in China saw a downward trend in pork prices, and the overall pork consumption declined; and after the epidemic, the traditional fresh food model resumed, which affected the business of the Nongmuren platform that provides branding and SaaS services to enterprises along the agricultural supply chain, such that the value of the Jiangsu Nongmuren business model has diminished, with limited business prospects and growth potential remaining. After considering such factors, in order for the Group to focus its management’s attention and its financial and manpower resources on core businesses of jewellery and metals, and given the presence of a willing buyer, the Group entered into an Equity Transfer Agreement to dispose of the Jiangsu Nongmuren platform and the disposal was completed on 13 January 2025.

The Group's revenue for 2024 was approximately RMB4,313.7 million (2023: RMB5,455.0 million), representing a decrease of approximately 20.9% as compared to that for 2023, primarily driven by the decrease of sales in both the Manufacturing segment and New Jewellery Retail segment, which have decreased by approximately RMB888.4 million and RMB252.9 million respectively.

For 2024, the Group recorded a net profit attributable to owners of the Company of approximately RMB10.0 million (2023: RMB14.5 million), such decrease in net profit was mainly due to the combined effects of the following factors:

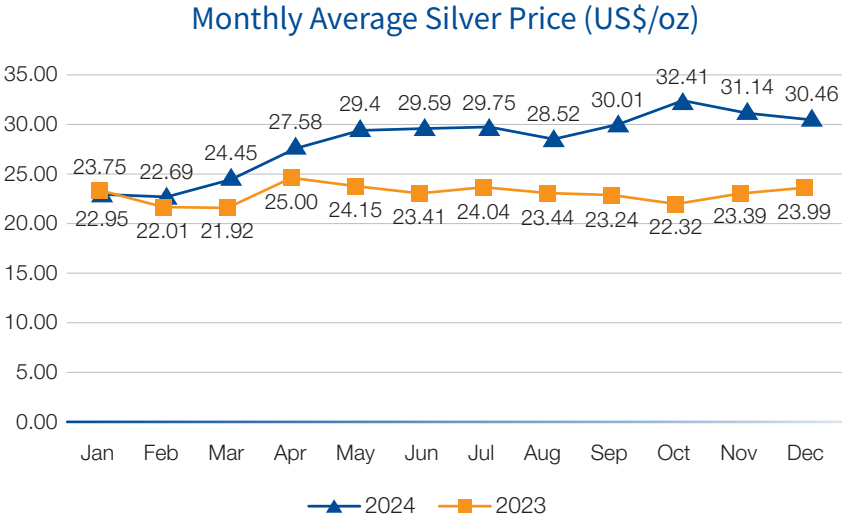
- (i) in respect of the Group's New Jewellery Retail segment, although the segment's overall sales volume for this year had reduced due to a significant decrease in sales of gold products, the segment had recorded a growth in sales of silver products, which had a significantly higher gross profit margin compared to gold products, resulting in an increase in gross profit for the segment and thus a turnaround from a segment loss of approximately RMB7.8 million for 2023 to segment profit of approximately RMB9.9 million for 2024;
- (ii) in respect of the Group's Manufacturing segment, due to a decrease in macro demand in silver ingots, the amount of external sales of silver ingots for 2024 had reduced compared to 2023, and recorded a decrease in segment profit of approximately RMB55.5 million for 2023 to approximately RMB49.2 million for this year. Nonetheless, benefiting from a reduction in cost of sales as a result of improved cost control, the segment had recorded a slight increase in gross profit margin for 2024; and
- (iii) in respect of the Group's Fresh Food Retail segment, which constituted part of the Group prior to the disposal of such segment on 13 January 2025 (classified as the Group's discontinued operation), given that the "Nongmuren" S2B2C platform had been continuously undergoing business reorganization and adjusting its business strategies throughout 2024, the sales volume for 2024 had significantly reduced compared to that of 2023. In addition, a net provision for impairment loss under expected credit loss model of approximately RMB28.1 million was recognized for 2024 in respect of the segment's trade and other receivables, as compared to approximately RMB11.1 million for 2023, resulting in an increase in segment loss of approximately RMB27.5 million for 2023 to approximately RMB44.6 million for 2024.

Manufacturing Segment

The Group’s Manufacturing segment focuses on the manufacturing of high-grade silver ingots for industrial and trading purposes and is one of the leading silver producers in the PRC. Meanwhile, the Group applies a proprietary production model to manufacture high quality silver ingots, palladium and the metal by-products derived therefrom.

For the year ended 31 December 2024, the Group’s Manufacturing segment generated external sales of approximately RMB4,156.1 million, representing a decrease of approximately 17.6% as compared to approximately RMB5,044.5 million for the year ended 31 December 2023 due to a decrease in macro demand in silver ingots. All revenue was generated from sales of silver ingots for 2023 and 2024. The segment profit of the Manufacturing segment decreased by approximately 11.3% from approximately RMB55.5 million for 2023 to approximately RMB49.2 million for 2024. Nonetheless, benefiting from a reduction in cost of sales as a result of improved cost control, this year the segment had recorded a slight increase in gross profit margin compared with last year. This improvement in profitability positions the segment for stronger financial performance in the coming years, as the enhanced margin provides a more solid foundation for sustainable growth and operational efficiency.

The graph below shows the change in international silver price quoted on the London Bullion Market Association from January 2023 to December 2024:



New Jewellery Retail Segment operated under CS Mall Group

Since 2014, we have diversified from the traditional Manufacturing segment to the downstream New Jewellery Retail segment which is now operated under our non-wholly-owned subsidiary, CS Mall Group. Apart from leveraging our strength and resources in the upstream business, CS Mall Group has optimized its sales and marketing strategies since 2018 and gradually shifted its focus to high-margin silver jewellery products.

Rising gold prices have dampened the demand from end-consumers, with consumers adopting a wait-and-see approach to purchasing gold jewellery. In 2024, the Group's sales of gold with low gross profit margin and high customer unit price only accounted for approximately 9.9% (2023: 73.3%) of the overall jewellery business, and the sales of silver products with high gross profit margin and low customer unit price accounted for approximately 87.4% (2023: 25.4%) of the overall jewellery business. The decline in sales of gold products led to a decline in the overall sales of the Group's New Jewellery Retail business in 2024, but the increase in the sales of silver products with a high gross profit margin and low customer unit price led to a significant increase in both the overall gross profit and gross profit margin.

The Group has placed greater emphasis on improving profitability, and has consistently worked to reduce overall operating costs during the year. The Group gradually closed offline stores and shifted the sales focus primarily to online channels. The total number of stores has reduced from 16 in 2023 to 7 in 2024. The Group will continue to leverage the strong traffic of third-party platforms and enhance online sales operations through new marketing models including short video marketing, e-commerce live streaming and online celebrity promotion.

The Group has strategically reduced the marketing expenses of the lab-grown diamond brand SISI business this year. The development of China's lab-grown diamond industry is still in its early stages, with a relatively low penetration rate in the country's jewellery market. Currently, the market for lab-grown diamonds is largely driven by the perceived potential and expectations for those to replace natural diamonds. However, it still takes time for the market to fully recognize the legitimacy and value of lab-grown diamonds. In recent years, improved diamond production capacity has led to a price reduction for natural diamonds. At the same time, domestic lab-grown diamond producers have been expanding production and upgrading equipment, resulting in an oversupply in the lab-grown diamond market, which drives down the price and leads to intense and irrational price competition in the market. As cost efficiency becomes a key competitive factor, businesses are expected to invest further in technology and operations to remain competitive. Currently, the Group aims to maintain business profitability and ensure sufficient working capital amid macroeconomic challenges. The Group will carefully evaluate the investment and sales strategy for the lab-grown diamond brand SISI to navigate market conditions more effectively.

For the year ended 31 December 2024, the New Jewellery Retail segment of CS Mall Group recorded sales of approximately RMB157.6 million (2023: RMB410.5 million), representing approximately 3.7% of the Group's total revenue (2023: 7.5%), and recorded a segment profit of approximately RMB9.9 million (2023: segment loss of approximately RMB7.8 million).

Online Sales Channels

In 2024, we engaged our third-party online platforms included JD.com (京東), Suning (蘇寧), Tmall (天貓), WeChat (微信), TikTok (抖音) and Xiaohongshu (小紅書) in the PRC to promote and sell our jewellery products, which enabled us to achieve satisfactory sales performance. With a daily coverage of over 100 million home viewers in the PRC, our brand awareness among a vast population of Chinese viewers enhanced substantially.

Short-video promotion and online celebrity live-stream selling have become standard practices in our brand marketing, and their content has also become the core element of every aspect of our brand marketing, sales and operation.

Offline Retail and Service Network

(1) CSmall Shops

For the year ended 31 December 2024, the Group has shifted the sales focus to online channel, thus, the Group ceased to expand existing stores and adjusted the layout of offline business outlets. As of 31 December 2024, we had 7 franchised CSmall Shops located in 5 provinces and municipalities in the PRC, with presence in Beijing, Heilongjiang, Henan, Tibet and Xinjiang.

(2) Shenzhen Exhibition Hall

We sell products at the Shenzhen Exhibition Hall in Shuibei, Shenzhen, which is generally seen as home to the PRC's largest and leading jewellery trading and wholesale market. The Shenzhen Exhibition Hall serves as an interactive exhibition and sales platform primarily for our wholesale customers as well as franchisees.

New layout of exploration business

On 21 August 2024, the Group completed acquisition of 51% equity interest in Jiangxi Letong New Materials Co., Ltd. ("**Jiangxi Letong**") which holds 100% equity interests in Tibet Longtianyong Mining Company Limited ("**Tibet Longtianyong**"). Tibet Longtianyong holds an exploration license with the right to conduct general exploration on mineral resources in an area of 28.88 square kilometers in Lhoka, Tibet, China (the "**Lhoka Exploration Area**").

The continuous heating of the gold market has become the focus of global investors, and the Group's upstream business layout provides strong support for the Company's future performance growth. As the exploration progressed, Sichuan Metallurgical Geological Survey Institute engaged by Tibet Longtianyong which possess relevant national geological qualifications, completed the general exploration field work during the year and compiled a report on the general exploration work. The Group is in the process of positioning itself to capitalize on the ongoing rise in gold prices. Its gradual shift of strategic focus on mining operations upstream hopefully will present significant opportunities for future growth and value creation.

Fresh Food Retail Segment Operated under CS Mall Group (classified as discontinued operation)

On 31 December 2021, the Group entered into an investment agreement for investment and control in Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) which is the developer and operator of the “農牧人” (“Nongmuren”, meaning farmers and herdsmen) S2B2C (supply chain to business to customer) platform. The “Nongmuren” S2B2C platform, officially launched in May 2021, provides branding and SaaS services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in China. Through the investment, the Group expands its business operations from the new jewellery retail (non-essential good) to the new agricultural products retail (an essential good), thereby digitally empowering another traditional industry, namely the agricultural products industry, and promoting the modernization of the agricultural sector.

On 5 November 2024, the Group entered into an Equity Transfer Agreement with an independent third party in relation to the disposal of the Group’s entire 51% equity interest in an indirect non-wholly-owned subsidiary, Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司), together with its subsidiaries (collectively referred to as the “**Nongmuren Group**”) which constituted the Fresh Food Retail segment of the Group, for a consideration of RMB300,000. The disposal transaction was completed subsequently after the reporting period on 13 January 2025. It is expected to generate an estimated gain attributable to the owners of the Company of approximately RMB10 million (this amount is subject to audit and will be recorded in the Company’s financial results for the year ended 31 December 2025).

For the year ended 31 December 2024, the disposed Fresh Food Retail segment recorded a segment loss for the year of approximately RMB44.6 million (2023: RMB27.5 million) and recorded as loss for the year from discontinued operations.

PROSPECTS

During the Reporting Period, the Group continued to focus on the silver manufacturing and sales of silver products and jewellery as its core businesses and achieved a solid business performance in 2024. Continued changes in geopolitics and the global economic environment have further driven demand for safe haven assets, in particular silver and gold products. While gold is favored as a traditional safe-haven asset, silver, with the dual roles of metal for investment and industrial metal, presents a unique advantage in the volatile market. Benefiting from the steady increase in the price of silver, the Group's Manufacturing segment maintained a stable segment profit. Meanwhile, the New Jewellery Retail business operated by CSMall Group, a subsidiary of the Group, benefited from the Group's greater focus on profitability and continuous reduction of overall operating costs, closed offline stores in the year, and shifted the focus of sales to online channels to further improve the efficiency of online sales operations. In the context of coexistence of uncertainties and volatility, the New Jewellery Retail business still managed to record a segment profit, demonstrating the effectiveness of the Group's strategic adjustment.

The Group has always been committed to consolidating its leading position in the precious metals manufacturing industry and proactively exploring strategic opportunities within and outside its core businesses. As disclosed in the announcements jointly issued by the Company and CSMall Group dated 15 August 2024 and 20 January 2025, CSMall Group obtained 51% effective ownership in Jiangxi Letong which, through its wholly owned subsidiary Tibet Longtianyong indirectly holds an exploration license with exploration rights to mineral resources in Lhoka, Tibet, to develop upstream business for the Group and diversify its business risks. According to the general exploration report (the "**General Exploration Report**") and review opinion (the "**Review Opinion**") as mentioned in the announcements, the general explorations efforts of Tibet Longtianyong discovered certain gold mineralized zones in Lhoka Exploration Area which are estimated to have an inferred ore volume of approximately 2,100,000 tonnes and an inferred metal volume of approximately 5,800 kilograms of gold, with an average gold ore grade of approximately 2.77 grams/tonne. The General Exploration Report further expressed that, based on the results of the analyses conducted and subject to further analyses and exploration works to be carried out, it is preliminarily anticipated that the Lhoka Exploration Area could reach a prospective metal volume of approximately 20 to 25 tonnes of gold, displaying potential for a large-scale gold mine.

The Group will continue to proceed with in-depth exploration at an appropriate time to ensure the accurate assessment of mineral resources and hope that as further exploration and mining progresses, the Group can eventually achieve commercial exploitation, to create long-term value for the Group. Given that the General Exploration is a preliminary stage of mineral explorations, the findings of the General Exploration Report may or may not materialize, and the estimations and anticipations stated in the General Exploration Report and the Review Opinion may or may not prove to be correct. There is no certainty that further exploration works will result in the level of gold or other mineral resources estimated or anticipated in the General Exploration Report. Please refer to the joint announcement issued by the Company on 20 January 2025 for further details on the General Exploration Report and the Review Opinion. In addition, as disclosed in the respective announcement dated 20 January 2025 and the circular dated 10 March 2025 of CSMall Group, it plans to change its name into Mount Everest Gold Group Company Limited, marking further clarification and enhancement of the Group's strategic focus and demonstrating the Group's commitment to solidifying its leading position in the precious metals industry.

Looking forward, we believe that in the face of continued changes in the global political economy, the demand for precious metals as safe haven assets and for industrial applications will continue to grow, further driving price increases and market demands. In the long run, this will be more conducive to the sustainability of the Group's precious metals business, and the Group will continue to leverage its advantages in the precious metals industry, maintain sound operations, and strive to enhance its industry position and market share. Meanwhile, the Group will continue to optimize its business structure, eliminate volatile business segments, and focus on generating robust and sustainable income streams for shareholders. We will proactively explore more quality acquisition and cooperation opportunities and continue to create maximum value for shareholders, to promote the Group to a higher level of development. Looking ahead, we will continue to actively seek opportunities to expand our upstream business in order to seize market opportunities, including but not limited to acquiring mining resources. By further developing our upstream business, the Group will enhance its control over the supply chain, increase resource reserves, and fully prepare for the sustained growth of the precious metals market. We firmly believe that these initiatives will bring long-term competitive advantages to the Group and further solidify its leadership position in the industry.

FINANCIAL REVIEW

Continuing operations

Revenue

The revenue of the Group for the year ended 31 December 2024 was approximately RMB4,313.7 million (2023: RMB5,455.0 million), representing a decrease of approximately 20.9% from that of 2023.

	2024		2023	
	Revenue <i>RMB'000</i>	% of revenue	Revenue <i>RMB'000</i> (restated)	% of revenue (restated)
Continuing operations				
Manufacturing segment				
Sales of silver ingots	<u>4,156,144</u>	<u>96.3%</u>	<u>5,044,548</u>	<u>92.5%</u>
Segments operated under CSMall Group				
New Jewellery Retail segment				
Sales of gold, silver, colored gemstones, gem-set and other jewellery products	<u>157,570</u>	<u>3.7%</u>	<u>410,458</u>	<u>7.5%</u>
Total	<u><u>4,313,714</u></u>	<u><u>100.0%</u></u>	<u><u>5,455,006</u></u>	<u><u>100.0%</u></u>

Manufacturing segment

Sales of silver ingots decreased from approximately RMB5,044.5 million for the year ended 31 December 2023 to approximately RMB4,156.1 million for the year ended 31 December 2024, representing a decrease of approximately 17.6% from that of 2023. Due to a decrease in macro demand in silver ingots, the amount of external sales of silver ingots for this year had reduced compared to that of 2023.

New Jewellery Retail segment operated under CS Mall Group

For the year ended 31 December 2024, the New Jewellery Retail segment recorded sales of approximately RMB157.6 million (2023: RMB410.5 million), representing a decrease of approximately 61.6% as compared to that of 2023, mainly due to the significant decrease in sales of gold products, which have a higher selling price but a lower profit margin compared to silver products. During the year, the international gold price remained at relatively high levels, discouraging customer purchasing intentions for gold products. In response, the Group shifted its sales strategy to focus on silver products, which have a lower selling price but higher profit margins. While there was an overall decrease in sales revenue during the year, this strategic shift led to the significant improvement in the profitability of the segment.

Cost of sales

Our cost of sales is comprised of:

- (i) cost of sales in Manufacturing segment, mainly represented by the cost of raw materials consumed, purchase cost of silver, direct labor and manufacturing overhead in the manufacturing process. Cost of raw materials consumed and purchase cost of silver accounted for over 90% of cost of sales in the Manufacturing segment. The purchase cost of raw materials is determined by the content levels of silver at market prices at the time of purchase;
- (ii) cost of sales in New Jewellery Retail segment operated under CS Mall Group, mainly represents cost of materials used for the production of gold, silver and jewellery products. Except for silver, other materials like gold, amber and diamond are sourced from independent third parties;

The overall cost of sales decreased by approximately RMB1,143.8 million, representing a decrease of approximately 21.4%, from approximately RMB5,346.4 million in 2023 to approximately RMB4,202.6 million in 2024. This decrease was observed in both the Manufacturing segment and the New Jewellery Retail segment, due to the decline in sales levels in both segments during the year.

Gross profit and gross profit margin

The Group recorded gross profit of approximately RMB111.1 million for the year ended 31 December 2024 (2023: RMB108.6 million), an increase of approximately 2.3% as compared to that of 2023. The overall gross profit margin of the Group increased to approximately 2.6% for this year (2023: 2.0%). The improvement in overall gross profit margin was driven by the successful implementation of cost control measures and the strategic shift towards higher-margin silver products in the New Jewellery Retail segment. During the year, the Group focused on optimizing operational efficiency and reducing unnecessary expenses in the Manufacturing segment, leading to a more streamlined cost structure. Meanwhile, in the New Jewellery Retail segment, the increase in sales of silver products, which carry a significantly higher profit margin compared to gold products, contributed to the segment's enhanced profitability. This shift was prompted by the persistently high international gold prices, which dampened customer demand for gold products, and the group's strategic decision to capitalize on the growing preference for silver products.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 20.9% from approximately RMB23.6 million for the year ended 31 December 2023 to approximately RMB18.6 million for the year ended 31 December 2024. The decrease was primarily attributed to lower selling and distribution costs in the New Jewellery Retail Segment, driven by the closure of physical retail stores and the strict implementation of cost control measures.

Administrative expenses

Administrative expenses decreased by approximately 12.9% from approximately RMB50.9 million for the year ended 31 December 2023 to approximately RMB44.4 million for the year ended 31 December 2024. The decrease was primarily attributed to the strict implementation of cost control measures, including a reduction in staff costs and other miscellaneous expenses.

Other gains and losses

Other gains and losses increased to a net loss of approximately RMB2.5 million for the year ended 31 December 2024 from approximately a net loss of RMB10.0 million for the year ended 31 December 2023. Other gains and losses for the year mainly include loss on disposal of property, plant and equipment of approximately RMB0.3 million (2023: RMB4.0 million) and the exchange loss of approximately RMB2.2 million (2023: RMB7.6 million).

Other income

Other income decreased to approximately RMB5.7 million for the year ended 31 December 2024 from approximately RMB10.4 million for the year end 31 December 2023. Other income mainly represents the government grants, sales of scrap material and bank interest income.

Income tax

The income tax decreased from an expense of approximately RMB0.9 million for the year ended 31 December 2023 to income tax credit of approximately RMB0.9 million for the year ended 31 December 2024. Such changes was mainly due to the increase in over provision of PRC enterprise income tax for the prior years.

Profit attributable to owners of the Company

Overall, the profit attributable to the Owners of the Company arises from continuing operations amounted to approximately RMB20.8 million for the year ended 31 December 2024 (2023: RMB17.7 million) representing an increase of approximately RMB3.1 million, or 17.4%. This increase was primarily driven by the increase in overall profitability which was driven by the reasons described above.

Discontinued operations

As disclosed in the announcements dated 5 November 2024 and 15 January 2025, after considering various factors unfavorable to the operation and development of the Jiangsu Nongmuren platform which gradually emerged, in order for the Group to focus its management's attention and their financial and manpower resources on the Group's core businesses of jewellery and metals, the Group has decided to dispose of the Nongmuren Group, the disposal was subsequently completed on 13 January 2025, it is expected to generate an estimated gain attributable to the owners of the Company of approximately RMB10 million (this amount is subject to audit and will be recorded in the Company's financial results for the year ended 31 December 2025). The Group recorded a loss attributable to owners of the Company amounted to approximately RMB10.9 million from the Fresh Food Retail segment for the year ended 31 December 2024 (2023: RMB5.7 million).

As disclosed in the announcements dated 28 September 2023 and 1 November 2023, after considering the various adverse macro factors related to the operation of the silver exchange platform, the Group entered into a Share Purchase Agreement to dispose of the Silver Exchange segment (i.e. providing professional electronic platform and related services for trading of silver ingots in the PRC) on 28 September 2023. The disposal was completed on 1 November 2023, recording a gain on disposal of approximately RMB1.6 million. For the ten months ended 31 October 2023, the Silver Exchange segment recorded sales of approximately RMB13.1 million.

Inventories, trade receivables and trade payables turnover cycle

The Group's inventories mainly comprise gold bars, colored gemstones, silver bars and jewellery products. For the year ended 31 December 2024, inventory turnover days increased to approximately 95.5 days (2023: 72.0 days). Fresh Food Retail segment typically has a lower turnover days of inventory than the Manufacturing segment and New Jewellery Retail segment due to its business nature, thus the turnover day increased this year with the exclusion of this discontinued Fresh Food Retail segment.

The turnover days for trade receivables for the year ended 31 December 2024 were approximately 4.7 days (2023: 2.6 days). Fresh Food Retail segment typically has a lower turnover days of trade receivables than the Manufacturing segment and New Jewellery Retail segment due to its business nature, thus the turnover day increased this year with the exclusion of this discontinued Fresh Food Retail segment.

The turnover days for trade payables for the year ended 31 December 2024 were approximately 3.1 days (2023: 2.5 days). The Fresh Food Retail segment typically has a lower turnover days of trade payables than Manufacturing segment and New Jewellery Retail Segment due to its business nature, thus the turnover day increased this year with the exclusion of this discontinued Fresh Food Retail segment.

Bank and other borrowings

As of 31 December 2024, the Group's bank and other borrowings balance amounted to approximately RMB400.9 million, of which approximately RMB281.0 million was carried at fixed interest rate and approximately RMB119.9 million was carried at floating interest rate (2023: RMB421.2 million, of which approximately RMB189.5 million was carried at fixed rate and approximately RMB231.7 million was carried at floating interest). The amounts would be due for repayment within one year.

The Group's net gearing ratio was calculated on the basis of the bank and other borrowings less bank balances and cash as a percentage of total equity. As of 31 December 2024, the Group was in a net cash position with a net gearing ratio of approximately -10.3% (2023: -8.4%).

Capital expenditures

For the year ended 31 December 2024, the Group invested approximately RMB1.2 million in property, plant and equipment (2023: RMB7.0 million).

Pledge of assets

As at 31 December 2024 and 31 December 2023, assets with the following carrying amounts were pledged to secure general banking facilities.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
– Property, plant and equipment	49,948	57,766
– Leasehold land (included in right-of-use assets)	15,155	15,590
– Pledged bank deposits	39,800	107,900
	<u>104,903</u>	<u>181,256</u>

Capital commitments

As at 31 December 2024 and 31 December 2023, the Group did not have any material capital commitments.

Contingent liabilities

As at 31 December 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

Employees

As of 31 December 2024, the Group employed 178 staff members (2023: 208 staff members) and the total remuneration for the year ended 31 December 2024 amounted to approximately RMB23.9 million (2023: RMB27.8 million) for continuing operations. The decrease in staff number was mainly due to the continuing optimisation of scale of the New Jewellery Retail segment in the current year. The Group's remuneration packages are in line with the current laws in the relevant jurisdictions, the experience and qualifications of individual employees and the general market conditions. Bonuses are linked to the Group's financial results as well as to individual performances. The Group ensures that adequate training and professional development opportunities are provided to all employees so as to satisfy their career development needs.

Liquidity and financial resources

The Group maintained a healthy liquidity position during the year. The Group was principally financed by internal resources and bank and other borrowings. The Group's principal financial instruments comprise bank balances and cash, trade and other receivables, trade, bills and other payables as well as bank and other borrowings. As of 31 December 2024, bank balances and cash, net current assets and total assets less current liabilities were approximately RMB526.3 million (2023: RMB524.7 million), RMB1,090.4 million (2023: RMB1,084.3 million) and RMB1,220.1 million (2023: RMB1,243.7 million), respectively. As of 31 December 2024, the Group had bank and other borrowings amounting to approximately RMB400.9 million (2023: RMB421.2 million).

Dividend

No final dividend for the year ended 31 December 2024 was proposed (2023: nil).

Significant investment held, material acquisition and disposal

Except for the Disposal of the Fresh Food Retail Segment, the Group did not hold any significant investment nor carry out any significant acquisition and disposal of subsidiaries, associates and joint ventures, nor was there any plan for other significant investment or acquisition of capital assets in the future for the year ended 31 December 2024.

Significant event after the reporting period

On 13 January 2025, the Group completed the disposal of 51% equity interest of Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公_司), which controls the operation of Jiangsu Nongmuren and being one of the Group's operating segments, namely the Fresh Food Retail segment. Further details of the disposal are set out in the announcements published on 5 November 2024 and 15 January 2025.

On 20 January 2025, the Group and two subscribers entered into the subscription agreements pursuant to which two subscribers had agreed to subscribe for and the Company had agreed to allot and issue 388,044,853 new Shares in total at the subscription price of HK\$0.252 per subscription share to each of the subscribers, which shall be satisfied by way of offsetting against the outstanding principal amount and interest accrued under their loans due from Jiangxi Longtianyong (an indirect wholly-owned subsidiary of the Group) to them up to the date of the subscription completion.

Save as disclosed above, there is no material subsequent event after the reporting period.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 14 May 2025 to Monday, 19 May 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the annual general meeting to be held on Monday, 19 May 2025, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 13 May 2025 for registration of transfer.

Code of Corporate Governance Practice

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. As at the date of this announcement, the Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). During the year ended 31 December 2024, the Company has complied with the code provisions under the CG Code, except for code provision C.2.1.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Sung Kin Man, former chief executive officer of the Company, on 1 January 2019, Mr. Chen Wantian has served as both the chairman and the chief executive officer of the Company. The Board will continue to review the situation and consider splitting the roles of chairman and chief executive officer of the Company in due course after taking into account of the then overall circumstances of the Group.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2024.

Purchase, Sale or Redemption of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2024.

Audit Committee

The Audit Committee of the Company (the “**Audit Committee**”) has reviewed the financial reporting processes, risk management and internal control systems of the Group and discussed with the external auditor the audited consolidated financial statements for the year ended 31 December 2024. The Audit Committee is of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

Scope of Work of Linksfield CPA Limited

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company’s auditor, Linksfield CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year as approved by the Board on 27 March 2025. The work performed by Linksfield CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Linksfield CPA Limited on this announcement.

Acknowledgement

Gratitude is expressed to the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group.

Publication of Results Announcement and Annual Report

This audited annual results announcement is published on the websites of the Company (www.chinasilver.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2024 annual report of the Company will be dispatched to the shareholders of the Company who requested printed copies and made available on the same websites in due course.

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

Hong Kong, 27 March 2025

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

* *For identification purpose only*