



中國白銀集團
CHINA SILVER GROUP

中國白銀集團有限公司

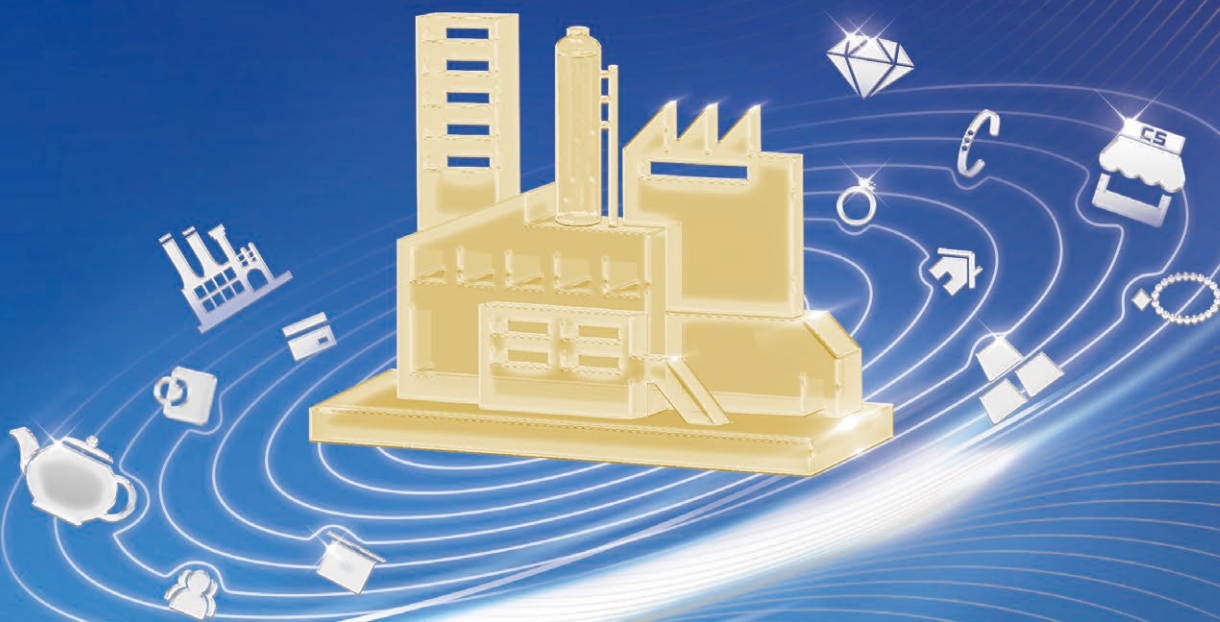
China Silver Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 815

INTERIM REPORT 2023

Leading Fully-Integrated Silver, Gold,
Palladium and Precious Metals Enterprise in China



CONTENTS

Corporate Information	2
Financial Highlights	3
Our Milestones	4
Selected Brands and Products	5
Management Discussion and Analysis	6
Corporate Governance and Other Information	21
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	27
Condensed Consolidated Statement of Financial Position	28
Condensed Consolidated Statement of Changes in Equity	30
Condensed Consolidated Statement of Cash Flows	31
Notes to the Condensed Consolidated Financial Statements	33



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Chen Wantian (陳萬天)
Song Guosheng (宋國生)
Liu Jiandong (柳建東)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Song Hongbing (宋鴻兵)
Li Haitao (李海濤)
Zeng Yilong (曾一龍)

AUDIT COMMITTEE

Zeng Yilong (Chairman)
Song Hongbing
Li Haitao

REMUNERATION COMMITTEE

Li Haitao (Chairman)
Chen Wantian
Song Hongbing

NOMINATION COMMITTEE

Chen Wantian (Chairman)
Song Hongbing
Li Haitao

COMPANY SECRETARY

Chan Hon To (陳瀚濤), HKICPA FCCA

AUTHORISED REPRESENTATIVES

Chen Wantian
Chan Hon To

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

29th Floor
Shuibe International
No. 99 Beili North Road
Luohu District
Shenzhen, Guangdong, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5, 17/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

COMPANY'S WEBSITE

www.chinasilver.hk

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
815

PRINCIPAL BANKERS

Bank of Ganzhou
Agricultural Bank of China

AUDITOR

Linksfield CPA Limited
Registered Public Interest Entity Auditors
(Appointed on 19 January 2023)

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
(Resigned on 19 January 2023)

LEGAL ADVISORS

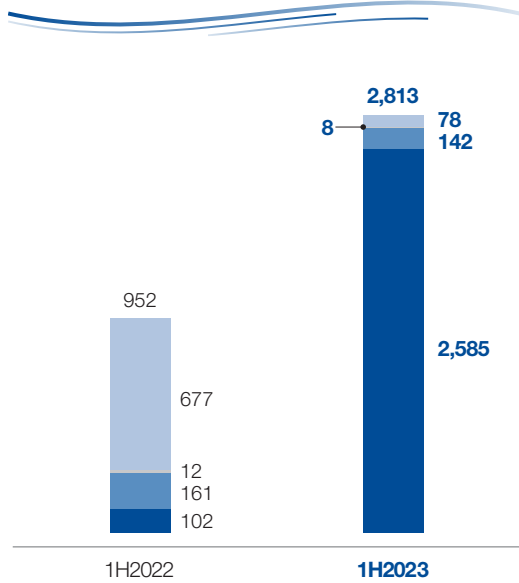
Hong Kong law:
Sullivan & Cromwell (Hong Kong) LLP

Cayman Islands law:
Conyers Dill & Pearman

FINANCIAL HIGHLIGHTS

Revenue

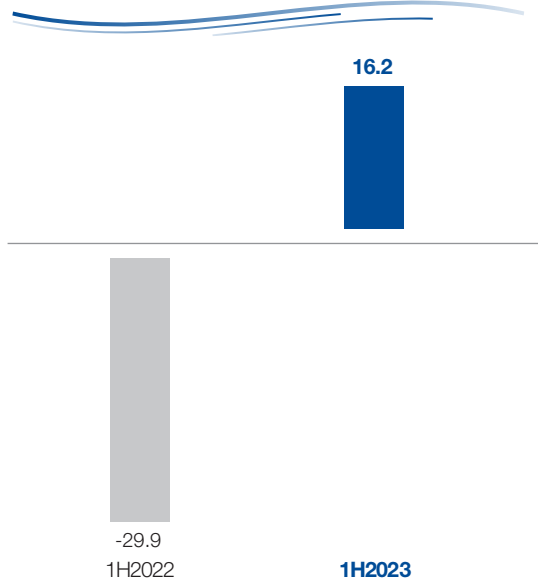
(RMB million)



- Manufacturing
- New Jewellery Retail
- Silver Exchange
- Fresh Food Retail

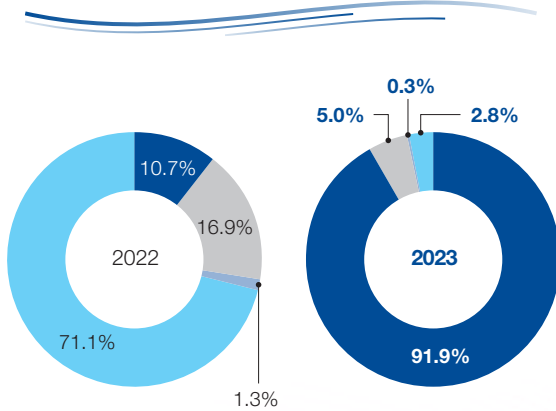
Profit (Loss) Attributable to Owners of the Company

(RMB million)



Segment Revenue

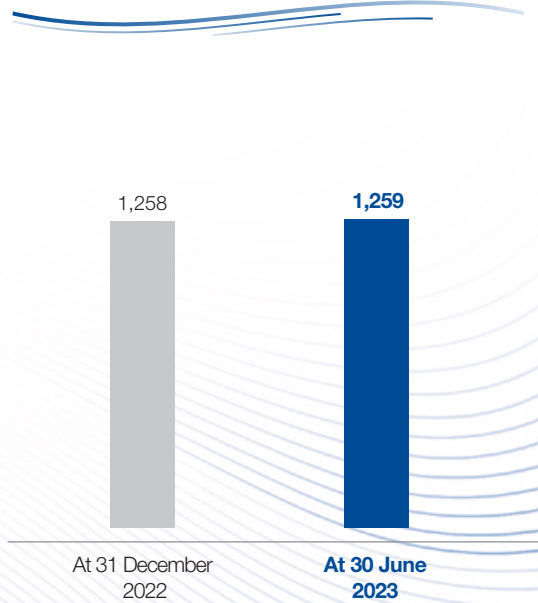
(RMB million)



- Manufacturing segment
- New Jewellery Retail segment
- Silver Exchange segment
- Fresh Food Retail segment

Net Assets

(RMB million)



OUR MILESTONES

DEC
2021

- Invested in Jiangsu Nongmuren Electronic Business Corp. (江蘇農牧人電子商務股份有限公司) to expand our business operations to the “Nongmuren” (“農牧人”) S2B2C platform of fresh food products in the PRC

2019

- Fully transformed into a leading fully-integrated silver, gold, palladium and precious metals enterprise in the PRC

MAR
2018

- Spin-off listing of CS Mall Group (Stock code: 1815)

MAR
2017

- Acquired Silver Exchange Business

2014

- Developed New Jewellery Retail Business

2012

- Listing in Hong Kong

2002

- Silver Manufacturing

SELECTED BRANDS AND PRODUCTS



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As the impact of the epidemic in the People's Republic of China (the "PRC") gradually faded, the economic situation in 2023 also showed signs of recovery. We are pleased to see that after completion of a series of upgrades and rectification for production facilities of the Manufacturing segment last year, such production facilities were successfully put back into production and generated strong sales revenue for the Group.

In addition, the Group was able to continuously seek suitable business opportunities under the continuing difficult business environment, proactively developing new businesses. As disclosed in the announcements dated 31 December 2021 and 10 January 2022, CS Mall Group Limited (stock code: 1815) ("CS Mall Group"), a subsidiary of the Group, obtained 51% effective ownership in Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) ("Jiangsu Nongmuren") with effect from 10 January 2022. The business forms the Group's Fresh Food Retail segment, enriches its revenue stream, and generates more diversified revenue, which minimizes the commercial risks of the Group arising from over-concentration in the precious metals industry.

For the six months ended 30 June 2023 ("1H2023"), the Group had four business segments, including (i) Manufacturing segment, i.e. manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC; (ii) New Jewellery Retail segment operated under CS Mall Group, i.e. designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC; (iii) Silver Exchange segment, i.e. providing professional electronic platform and related services for trading of silver ingots in the PRC; and (iv) Fresh Food Retail segment also under CS Mall Group, 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.

The Group recorded profit attributable to owners of the Company of approximately RMB16.2 million for 1H2023 (the six months ended 30 June 2022 ("1H2022"): loss attributable of approximately RMB29.9 million). The turnaround from loss to profit on a year-on-year basis was mainly due 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 1H2023 was significantly higher than that for 1H2022. 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 net profit for the segment for 1H2023; and
- (ii) in respect of the Group's Silver Exchange segment, although the trading volume and hence commission income for 1H2023 remained low due to commodity investors' continued lukewarm eagerness and willingness to trade silver under relatively stable international silver prices, the segment still recorded a net profit for 1H2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The aforesaid favourable factors were partially offset by the following unfavourable factors:

- (iii) in respect of the Group's New Jewellery Retail segment operated under CS Mall Group, the sales volume for 1H2023 remained low due to continuously weak consumer sentiment caused by slower-than-expected domestic economic recovery, while fixed costs less dependent on sales volume such as administrative expenses were still incurred, resulting in a net loss for the segment for 1H2023; and
- (iv) in respect of the Group's Fresh Food Retail segment operated under CS Mall Group, 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 have shown a downward trend since the fourth quarter of 2022 which reduced the Shopkeepers' appetite for trade and thus amount of hog purchased during 1H2023. For these reasons, the sales volume for 1H2023 was significantly lower than that for 1H2022, 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 1H2023.

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 applied a proprietary production model to manufacture high quality silver ingots, palladium and the metal by-products derived therefrom.

The production activities 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 under the Manufacturing segment of the Group, had been suspended since 26 April 2021 due to the contravention of the production and storage facilities against certain national environmental laws. However, with the adoption of rectification measures including the demolition of non-compliant facilities and construction of compliant facilities, Jiangxi Longtianyong has practically resumed the production activities of the silver electrolysis production line on a commercial scale since mid-June 2022, and the palladium sponge production line has been officially put into operation on a commercial scale since 25 August 2022.

Further details of the suspension of production and subsequent developments are set out in the announcements published on 7 June 2021, 25 August 2021, 22 February 2022, 17 June 2022 and 26 August 2022.

For 1H2023, the Group's Manufacturing segment generated external sales of approximately RMB2,584.6 million, representing a significant increase of approximately 2,433.4% as compared to approximately RMB102.0 million for 1H2022. For 1H2023 and 1H2022, all sales were from revenue from sales of silver ingots. 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 since April 2021, the amount of external sales of silver ingots for 1H2023 was significantly higher than that for 1H2022. 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 segment profit for 1H2023 of approximately RMB36.1 million (1H2022: segment loss of approximately RMB15.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

New Jewellery Retail Segment Operated under CSmall 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, CSmall Group. Apart from leveraging our strength and resources in the upstream business, CSmall Group has optimized its sales and marketing strategies since 2018 and gradually shifted its focus to high-margin silver jewellery products.

In 1H2023, although the economy and society has fully resumed normal operation with the implementation of effective macroeconomic policies and positive signs of national economic recovery, the foundation for economic recovery was still not solid, and the economy has not yet returned to the state before the epidemic. Residents' disposable income was unsatisfactory, which dampened residents' consumption mentality. In view of the context, CSmall Group has been exploring and looking for new business growth drivers for its jewellery retail business in recent years.

In the first half of the year, the brand SISI under CSmall Group started to transform from fashionable silver jewellery to the new business of lab-grown diamonds. In the first half of the year, funds and efforts were focused on brand planning, brand marketing, product design, team structure adjustment and expansion, regional agency nationwide and other preliminary works of this project, making vigorous investment and development. After intensive preparations, the project has gradually entered the market.

While placing focus on the development of the new business of lab-grown diamonds, CSmall Group will continue to be optimistic about the room for appreciation and market potential of colored gemstones. Due to the scarcity and the value preservation and value appreciation attributes of rubies, CSmall Group will carefully consider its sales strategy and gradually expand the sales market, and rubies will see a long-term and stable price increase. After the sharp rise of gold price at the end of the first quarter of the year, it then remained at a high level, which may have caused some consumers to keep a wait-and-see attitude, thereby delaying consumer demand in the first half of the year, and impacting the sales of gold jewellery.

For 1H2023, the New Jewellery Retail segment of CSmall Group recorded external sales of approximately RMB141.9 million (1H2022: RMB160.9 million), representing approximately 5.0% of the Group's total revenue (1H2022: 16.9%), and recorded a segment loss of approximately RMB7.7 million (1H2022: RMB3.1 million).

New Retail Business

In 2023, the Group introduced a new business of lab-grown diamonds. With the brand concept of "planting diamonds for love", the SISI brand advocates using the tangible essence of objects to capture beautiful moments and redefining diamonds with technology. SISI uses innovative diamond cultivation technologies to cultivate soft hair into hard diamonds, thus giving each diamond love and life and planting warm jewellery-grade DNA diamonds for love. The concept is applied in various life scenes, e.g. "Love Diamond", "Lanugo Diamond", "Family Diamond", "Pet Diamond", "Friendship Diamond", "Self-Pleasing Diamond", etc. to connect the emotions of new life, encounter, companionship and commemoration. While meeting the emotional needs of users, the Group also serves users with technology: the principle of "one source for one diamond" is always followed for lab-grown diamonds in all steps from receipt of hair from customers to weighing, cleaning, carbon source extraction, warehousing for cultivation, cutting and polishing, etc.

MANAGEMENT DISCUSSION AND ANALYSIS



Online Sales Channels

- Third Party Online Sales Channels

Product Design, Research and Development and Production

Offline Retail and Service Network

- CSmall Shops
- Shenzhen Exhibition Hall

MANAGEMENT DISCUSSION AND ANALYSIS

Online Sales Channels

Third-party online sales channels

In 1H2023, the Group intensified its new social media-based operating model through WeChat (微信) official account, Tik Tok (抖音), Xiaohongshu (小紅書), video channel, Weibo (微博), etc., to achieve strong exposure for the SISI brand through content integration. In 1H2023, our third-party online platforms included JD.com (京東), Suning (蘇寧), Tmall (天貓), WeChat (微信), Tik Tok (抖音) and Xiaohongshu (小紅書) and 13 television and video shopping channels in the PRC to promote and sell our jewellery products. We also became a core supplier in the gold, silver and jewellery category of all top television channels, 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 of television and video shopping channels was enhanced substantially.

Short-video promotion and online celebrity (KOL) promotion 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.



MANAGEMENT DISCUSSION AND ANALYSIS

Offline Retail and Service Network

(1) *CSmall Shops*

During the six months ended 30 June 2023, due to the development of the new business, the Group ceased to expand existing stores and adjusted the layout of offline business outlets by closing 4 stores. As of 30 June 2023, we had 16 franchised CSmall Shops located in 8 provinces and municipalities in the PRC, with presence in Beijing, Gansu, Heilongjiang, Henan, Sichuan, Tibet, Xinjiang and Zhejiang.

(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 showcases the product designs of our self-owned brands and certain third-party brands, and also serves as an interactive exhibition and sales platform primarily for our wholesale customers as well as franchisees.



MANAGEMENT DISCUSSION AND ANALYSIS

Silver Exchange Segment

In 2016, the Group further expanded the downstream business by acquiring Shanghai Huatong Silver Exchange Company Limited* (上海華通鈀銀交易市場有限公司) (“**Shanghai Huatong**”). Shanghai Huatong is the operator of an integrated silver exchange platform in the PRC which provides professional and standardized spot goods supply, trading, logistic and e-commerce services. Its official website, www.huatongsilver.com (formerly www.buyyin.com), has been one of the authoritative web portals for the silver industry in the PRC. The daily spot silver prices quoted by such website are the general reference prices for the silver industry in the PRC.

For 1H2023, the Silver Exchange segment operated by Shanghai Huatong recorded segment revenue of approximately RMB7.9 million (1H2022: RMB12.0 million), and recorded a segment profit of approximately RMB2.1 million (1H2022: RMB3.5 million).



MANAGEMENT DISCUSSION AND ANALYSIS

Fresh Food Retail Segment Operated under CSmall Group

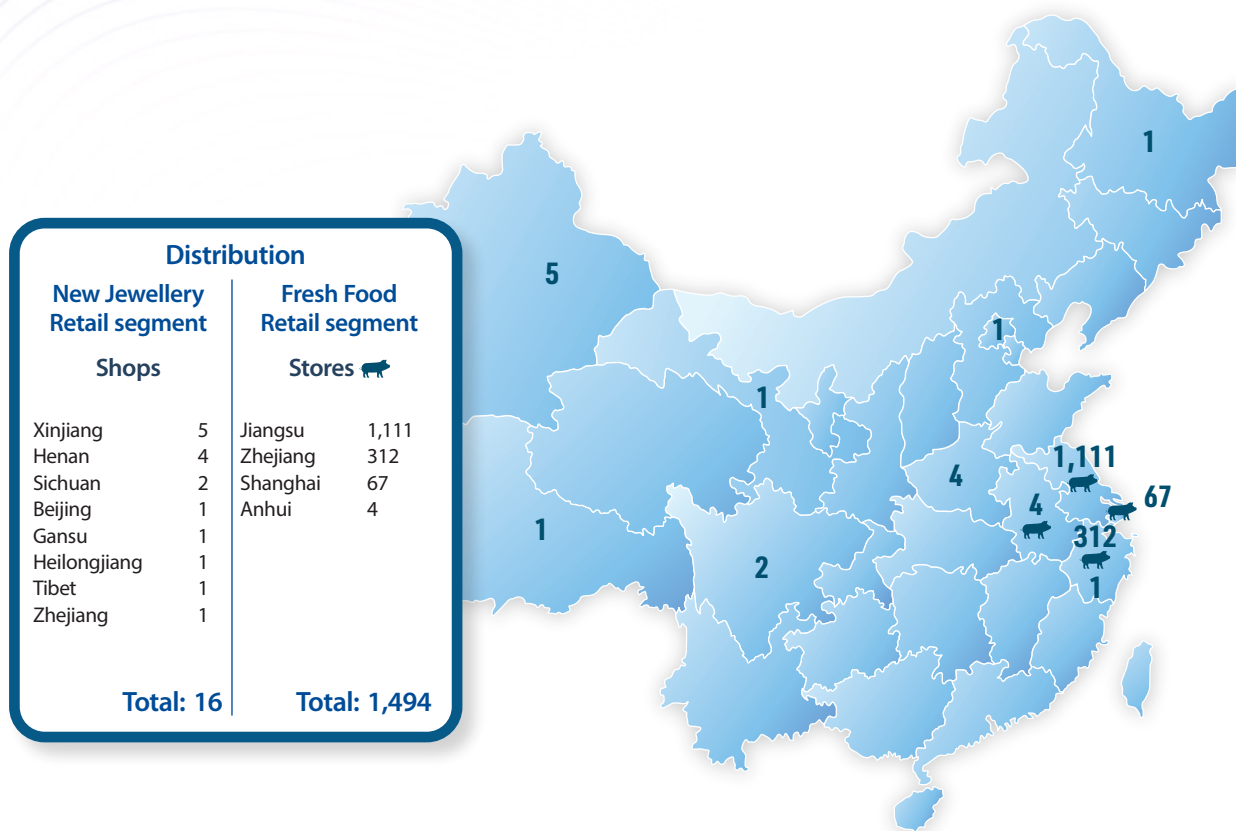
On 31 December 2021, the Group entered into an investment agreement for investment and control in Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) (“**Jiangsu Nongmuren**”) which is the developer and operator of the “農牧人” S2B2C (supply chain to business to customer) platform (“**Nongmuren**”, meaning farmers and herdsmen). The Nongmuren platform, officially launched in May 2021, provides branding and SaaS (software as a service) services along the agricultural supply chain in the PRC.

Through the investment, the Group expands its business operations from the retail of jewellery, a non-essential good, to the retail of agricultural products, an essential good, thereby digitally empowering another traditional industry, namely the agricultural products industry, and promoting the modernization of the agricultural sector. At present, the Nongmuren platform is changing its operation model by optimizing its store distribution policy, eliminating certain stores with poor sales profitability, and improving cost efficiency by controlling costs including streamlining manpower.

For 1H2023, the Fresh Food Retail segment recorded revenue of approximately RMB78.1 million (1H2022: RMB677.3 million), accounting for approximately 2.78% of the Group’s total revenue (1H2022: 71.1%). For 1H2023, the Fresh Food Retail segment recorded a segment loss of approximately RMB11.3 million (1H2022: RMB12.9 million).



MANAGEMENT DISCUSSION AND ANALYSIS



Prospects

Since 2023, with the timely relaxation of the COVID-19 control measures, China’s economic activities have gradually recovered, and the market demand for safe haven assets including silver and gold products remains strong. The Group will continue to focus on the production and sales of silver, palladium, gold and other precious metals as its main core businesses. The Group will not only continue to consolidate its industry position in the precious metal manufacturing business, but also explore and consider suitable business opportunities inside and outside the core industry in a timely manner, e.g. the Group’s investment in the Fresh Food Retail segment in December 2021, to expand the scope of business and diversify its business risks.

In addition, while pursuing business performance, the Group will emphasise the sustainability of the precious metals business and strive to maintain higher standards of business practices in respect of environmental protection, especially against the backdrop of the strict enforcement of the Central Ecological and Environmental Protection Inspection Group, which indeed has greatly raised the industry’s entry barriers in terms of environmental protection.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's New Jewellery Retail segment and Fresh Food Retail segment are both new empowerments for traditional industries through digital marketing. For the Fresh Food Retail segment, Nongmuren Meat Shopkeeper (農牧人肉掌櫃) stores will be operated in a refined manner. A complete digital system covering pig farming to pork sales at in-town stores will be provided through S2B2C/F2B2C (farm to business to customer): each city will have an independent management system that encompasses store renovation, cash register system, electronic scales and other hardware and software facilities. In 2023, for the Fresh Food Retail segment, new pilot fresh food platforms of "Cow Shopkeeper (牛掌櫃)", "Sheep Shopkeeper (羊掌櫃)" and "Noodle Shopkeeper (麵掌櫃)" will be set up to gain more market share by learning from the operating experience in the past years.

The Group will continue to look for new business growth drivers for its New Jewellery Retail segment. In particular, leveraging on the price advantages, environmental friendliness, wide variety (with colored diamonds and special-shaped diamonds), high-tech sense and other attributes of lab-grown diamonds, the SISI brand has started to deepen its presence in various industries, such as the beauty industry, pet industry, maternal and child industry and e-commerce industry, and will focus on the in-depth construction of a marketing system driven by accurate consumer insights to constantly expand the market size, with the plan of building SISI into the "No. 1 brand of DNA-grown diamonds". Meanwhile, the Group will strengthen product competitiveness and exert continuous efforts in product research and development and innovation, so as to launch more distinctive diamond products to meet the needs of different consumer groups and different application scenarios.

Besides, apart from lab-grown diamonds, the Group will continue to be optimistic about the room for appreciation and market potential of colored gemstones. Due to the scarcity and the properties of value preservation and value appreciation of rubies, the Group will carefully consider its sales strategy and gradually expand the sales market, and rubies will see a long-term and stable price increase. We expect consumption in the Chinese market to rise moderately this year.

Looking ahead, the global risk aversion sentiment will also be at a high level, and the market demand for hedge products (such as precious metals) will last. Therefore, the Group remains confident in the silver, precious metals and jewellery retail markets.

In view of the above, the Group will keep prudent operations, give full play to its advantages, and maintain sustainable profitability. We believe that the end of the epidemic and the recovery of economic activities will be more conducive to the sustainability of the Group's precious metal manufacturing business, the consolidation of its market position and the enhancement of its market share in the long run, and that the market demand of the New Jewellery Retail segment and Fresh Food Retail segment of CSMall Group will steadily resume its upward trend. We remain confident of the future development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for 1H2023 was approximately RMB2,812.5 million (1H2022: RMB952.3 million), representing a significant increase of approximately 195.3% from that of 1H2022.

	1H2023		1H2022	
	Revenue RMB'000 (unaudited)	% of revenue (unaudited)	Revenue RMB'000 (unaudited)	% of revenue (unaudited)
Manufacturing segment				
Sale of silver ingots	2,584,609	91.9%	102,020	10.7%
Segments operated under CSmall Group				
New Jewellery Retail segment				
Sale of gold, silver, colored gemstones and gem-set and other jewellery products	141,867	5.0%	160,949	16.9%
Fresh Food Retail segment				
Sale of fresh food products	78,106	2.8%	677,337	71.1%
	219,973	7.8%	838,286	88.0%
Silver Exchange segment				
Commission income	7,887	0.3%	12,012	1.3%
Total	2,812,469	100.0%	952,318	100.0%

Manufacturing segment

Sales of silver ingot soared from approximately RMB102.0 million for 1H2022 to approximately RMB2,584.6 million for 1H2023, representing a significant increase of approximately 2,433.4% from that of 1H2022. The increase in sales was mainly because of Jiangxi Longtianyong's resumption of production activities of its silver electrolysis production line since 17 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

New Jewellery Retail segment operated under CSMall Group

During 1H2023, the New Jewellery Retail segment under CSMall Group recorded sales of approximately RMB141.9 million (1H2022: RMB160.9 million), representing a decrease of approximately 11.9% as compared to that for 1H2022. The sales volume for 1H2023 remained low due to continuously weak consumer sentiment caused by slower-than-expected domestic economic recovery.

Fresh Food Retail segment operated under CSMall Group

During 1H2023, the Fresh Food Retail segment, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS services along the agricultural supply chain in the PRC, recorded sales of approximately RMB78.1 million (1H2022: RMB677.3 million). Since the 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 with the number of stores reduced, and that hog prices in Mainland China showed a downward trend since the fourth quarter of 2022, which reduced the Shopkeepers' appetite for trade and thus amount of hog purchased during 1H2023, the revenue generated for 1H2023 was significantly lower than that for 1H2022.

Silver Exchange segment

During 1H2023, the Silver Exchange segment recorded sales of approximately RMB7.9 million (1H2022: RMB12.0 million), representing a decrease of approximately 34.3% as compared to 1H2022. The trading volume and hence commission income for 1H2023 remained low due to commodity investors' continued lukewarm eagerness and willingness to trade silver under relatively stable international silver prices.

Cost of Sales and Services Provided

Our cost of sales and services provided is comprised of four segments, being:

- (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 CSMall 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;
- (iii) cost of sales and services provided in Fresh Food Retail segment operated under CSMall Group, mainly represents the cost of purchasing fresh food products from the upstream wholesale suppliers (for example, farms) and other direct distribution cost; and
- (iv) cost of sales and services provided in Silver Exchange segment, mainly represents cost of materials and direct expenses incurred for trading of silver and the operation of the online exchange platform.

The increased cost of sales from the Manufacturing segment has been the main reason of the significant increase in our overall cost of sales and services provided. Such increase was due to the increased sales of silver ingots following the resumption of production since 17 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The Group recorded gross profit of approximately RMB66.7 million for 1H2023 (1H2022: RMB34.5 million), representing a significant increase of approximately 93.4% as compared to that for 1H2022, whereas the overall gross profit margin decreased from approximately 3.6% for 1H2022 to approximately 2.4% for 1H2023. Despite experiencing an increase in overall gross profit benefit from the increases sales volume of silver ingots in the Manufacturing segment during the period, it is noteworthy that the Manufacturing segment exhibits a comparatively lower gross profit margin. The decrease in gross profit margin can be attributed to the increased proportion of sales volume with a lower gross profit margin associated with the Manufacturing segment.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 24.4% from approximately RMB21.5 million for 1H2022 to approximately RMB16.2 million for 1H2023, mainly due to the significant decrease in revenue of the Fresh Food Retail segment, which resulted in lower related selling and distribution expenses.

Administrative Expenses

Administrative expenses decreased by approximately 21.6% from approximately RMB47.8 million for 1H2022 to approximately RMB37.4 million for 1H2023. The decrease was primarily attributable to less amortization of intangible assets in the Silver Exchange segment, and the reclassification of indirect production costs to administrative expenses and the incurrence of additional administrative expenses in the Manufacturing segment during the corresponding period last year due to suspension of production.

Income Tax Expense (Credit)

Income tax expense (credit) decreased from approximately RMB0.5 million income tax credit for 1H2022 to income tax expense of approximately RMB0.1 million for 1H2023 mainly due to the over provision for income tax during the corresponding period last year and deferred tax adjustment.

Profit (Loss) Attributable to Owners of the Company

Overall, for the reasons described above, the Group recorded profit attributable to owners of the Company of approximately RMB16.2 million for 1H2023 (1H2022: loss attributable of approximately RMB29.9 million).

Inventories, Trade Receivables and Trade Payables Turnover Cycle

The Group's inventories mainly comprise silver bars, colored gemstones, jewellery products, gold bars and fresh food products. For 1H2023, inventory turnover days were approximately 73.1 days (for the year ended 31 December 2022: 121.4 days). The decrease was due to more purchase were contributed by the in Manufacturing segment which generally and comparatively has a shorter inventories turnover cycle than other segments due to the nature of the business.

The turnover days for trade receivables for 1H2023 were approximately 1.3 days (for the year ended 31 December 2022: 2.5 days). The decrease was mainly due to the increase in revenue of the Manufacturing segment which normally receive payment before selling.

The turnover days for trade payables for 1H2023 were approximately 2.6 days (for the year ended 31 December 2022: 3.8 days). The decrease was mainly due to the increase in cost of sales of the Manufacturing segment, and its suppliers generally provide shorter repayment terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Borrowings

As of 30 June 2023, the Group's bank borrowings balance amounted to approximately RMB426.5 million (as of 31 December 2022: RMB406.4 million). The amounts are secured by: (i) certain assets of the Group; (ii) personal guarantee and properties held by Mr. Chen Wantian and Ms. Zhou Peizhen; (iii) personal guarantee, corporate guarantee and certain assets of a supplier and independent third parties; and will be due for repayment within one year. Among them, approximately RMB135.5 million (as of 31 December 2022: RMB223.4 million) was carried at fixed interest rates, and approximately RMB291.0 million (as of 31 December 2022: RMB183.0 million) was carried at floating interest rates.

The Group's net gearing ratio was calculated on the basis of total bank borrowings less bank balances and cash as a percentage of total equity. As of 30 June 2023, the Group was in a net cash position with a net gearing ratio of approximately -13.6% (as of 31 December 2022: -14.5%).

Pledge of Assets

At the end of the reporting period, assets with the following carrying amounts were pledged to secure the bills payables and bank borrowings.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
– Property, plant and equipment	58,391	61,205
– Leasehold lands (included in right-of-use assets)	15,807	16,025
– Pledged bank deposits	204,900	166,900
	279,098	244,130

Capital Expenditures

For 1H2023, the Group invested approximately RMB5.9 million in property, plant and equipment (1H2022: RMB4.1 million).

Capital Commitments

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	–	359

Contingent Liabilities

As of 30 June 2023 and 31 December 2022, the Group did not have any contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

As of 30 June 2023, the Group employed 353 staff members (as of 31 December 2022: 366 staff members) and the total remuneration for 1H2023 amounted to approximately RMB23.0 million (1H2022: RMB20.8 million). The Group's remuneration packages are in line with the current legislation 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 1H2023. During 1H2023 and 1H2022, the Group was principally financed by internal resources and bank borrowings. The Group's principal financing instruments comprise bank balances and cash, pledged bank deposits, restricted bank balances, trade and other receivables, trade, bills and other payables and bank borrowings. As of 30 June 2023, the bank balances and cash, net current assets and total assets less current liabilities were approximately RMB598.2 million (as of 31 December 2022: RMB589.2 million), RMB1,066.7 million (as of 31 December 2022: RMB1,060.4 million) and RMB1,274.2 million (as of 31 December 2022: RMB1,272.9 million), respectively.

Interim Dividend

The Board has resolved not to declare an interim dividend for 1H2023 (1H2022: nil).

Significant Investment Held, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures, and Plans for Significant Investment or Acquisition of Capital Assets in the Future

The Group did not hold any significant investment nor carry out any significant acquisition and disposal of subsidiaries, associates and joint ventures during 1H2023, nor was there any plan for other significant investment or acquisition of capital assets in the future.

Significant Events After the Reporting Period

There is no material subsequent event after the reporting period.

On behalf of the Board
Chen Wantian
Chairman

Hong Kong, 29 August 2023

* *For identification purpose only*

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interests in Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares ¹	Approximate percentage of interest in our Company
Mr. Chen Wantian	Beneficiary of a trust ²	405,722,187	20.76%
	Beneficial interest ²	5,700,000	0.29%
Mr. Song Guosheng	Beneficial interest ³	956,797	0.05%

Notes:

- All interests are long positions.
- Mr. Chen Wantian is deemed to be interested in 405,722,187 Shares owned by Rich Union Enterprises Limited as his spouse, Ms. Zhou Peizhen, owns the entire issued share capital of Rich Union Enterprises Limited. The entire issued share capital of Rich Union Enterprises Limited has been transferred from Mr. Chen Wantian to his spouse, Ms. Zhou Peizhen, on 19 June 2023. Ms. Zhou Peizhen has declared that all such Shares are held in trust for the benefit of Mr. Chen Wantian. Further, Mr. Chen Wantian was granted share options to subscribe for 4,650,000 Shares, details of which are disclosed under the paragraph headed "Share Option Schemes" below, and is the beneficial owner of 1,050,000 Shares.
- Mr. Song Guosheng was granted share options to subscribe for 500,000 Shares, details of which are disclosed under the paragraph headed "Share Option Schemes" below. Further, Mr. Song Guosheng is the beneficial owner of 456,797 Shares.

(ii) Interests in shares of CS Mall Group, an associated corporation of the Company

Name of Director	Capacity/Nature of interest	Number of Shares ¹	Approximate percentage of interest in CS Mall Group
Mr. Chen Wantian	Beneficiary of a trust ²	10,462,036	0.85%
	Beneficial interest ²	17,500	0.00%

Notes:

- All interests are long positions.
- Mr. Chen Wantian is deemed to be interested in 10,462,036 shares of CS Mall Group owned by Rich Union Enterprises Limited as his spouse, Ms. Zhou Peizhen, owns the entire issued share capital of Rich Union Enterprises Limited. The entire issued share capital of Rich Union Enterprises Limited has been transferred from Mr. Chen Wantian to his spouse, Ms. Zhou Peizhen, on 19 June 2023. Ms. Zhou Peizhen has declared that all such Shares are held in trust for the benefit of Mr. Chen Wantian. Further, Mr. Chen Wantian is the beneficial owner of 17,500 shares of CS Mall Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as of 30 June 2023, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, the register of substantial shareholders required to be kept by our Company under Section 336 of Part XV of the SFO shows that as of 30 June 2023, in addition to the interests disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, our Company was notified of the following substantial shareholders' interests and short positions in the Shares and underlying Shares, being interests of 5% or more.

Interests in Shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of Shares ¹	Approximate percentage of interest in our Company
Ms. Zhou Peizhen (周佩珍)	Interest in controlled corporation ²	405,722,187	20.76%
	Interest of spouse ²	5,700,000	0.29%
Mr. Liu Junjie (劉君杰)	Beneficial owner	138,414,050	7.08%
Pandanus Associates Inc.	Interest in controlled corporation ³	122,854,000	6.29%
Pandanus Partners L.P.	Interest in controlled corporation ³	122,854,000	6.29%
FIL Limited	Interest in controlled corporation ³	122,854,000	6.29%

Notes:

- All interests are long positions.
- The entire issued share capital of Rich Union Enterprises Limited has been transferred from Mr. Chen Wantian to his spouse, Ms. Zhou Peizhen, on 19 June 2023. Ms. Zhou Peizhen has declared that all such Shares are held in trust for the benefit of Mr. Chen Wantian. Mr. Chen Wantian was granted share options to subscribe for 4,650,000 Shares and is the beneficial owner of 1,050,000 Shares
- Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which owns or controls one-third or more of the voting rights in FIL Limited, which in turn is interested in 122,854,000 Shares through various wholly-owned subsidiaries.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as of 30 June 2023, our Company had not been notified by any person or corporation who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by our Company under Section 336 of Part XV of the SFO.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on each of 5 December 2012 (the “2012 Scheme”) and 21 April 2015 (the “2015 Scheme”; together with the 2012 Scheme, the “Share Option Schemes”) respectively. The purpose of the Share Option Schemes is to reward participants who have contributed to our Group and to encourage participants to work towards enhancing the value of our Group.

Details of the movement of the share options granted under the 2012 Scheme during the six months ended 30 June 2023 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as of 1 January 2023	Exercised during the period	Lapsed during the period	Outstanding as of 30 June 2023
Directors							
Mr. Chen Wantian	3 July 2013	HK\$0.96	3 July 2014 – 2 July 2023	2,450,000	–	–	2,450,000
	20 August 2014	HK\$2.20	20 August 2015 – 19 August 2024	2,200,000	–	–	2,200,000
Mr. Song Guosheng	20 August 2014	HK\$2.20	20 August 2015 – 19 August 2024	500,000	–	–	500,000
Employees							
In aggregate	20 August 2014	HK\$2.20	20 August 2015 – 19 August 2024	21,000,000	–	–	21,000,000
	2 January 2015	HK\$1.80	2 January 2016 – 1 January 2025	44,800,000	–	–	44,800,000
				70,950,000	–	–	70,950,000

The total number of Shares available for issue under the 2012 Scheme is 70,950,000, representing approximately 3.63% of the Company’s issued share capital as of 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of the movement of the share options granted under the 2015 Scheme during the six months ended 30 June 2023 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as of 1 January 2023	Exercised during the period	Lapsed during the period	Outstanding as of 30 June 2023
Employees							
In aggregate	27 August 2015	HK\$1.97	27 August 2016 – 26 August 2025	81,000,000	–	–	81,000,000
				81,000,000	–	–	81,000,000

The total number of Shares available for issue under the 2015 Scheme is 81,000,000, representing approximately 4.15% of the Company's issued share capital as of 30 June 2023.

The number of options available for grant under the scheme mandate under all Share Option Schemes at the beginning and the end of the period is 24,059,658.

Notes:

- The closing price per Share immediately before 3 July 2013, 20 August 2014, 2 January 2015 and 27 August 2015 (the dates on which the share options were granted) was HK\$0.95, HK\$2.20, HK\$1.80 and HK\$1.87 respectively.
- Share options granted under the 2012 Scheme on 3 July 2013 are exercisable during the period from 3 July 2014 to 2 July 2023 in three batches, being:
 - 3 July 2014 to 2 July 2023 (up to 30% of the share options granted are exercisable)
 - 3 July 2015 to 2 July 2023 (up to 60% of the share options granted are exercisable)
 - 3 July 2016 to 2 July 2023 (all share options granted are exercisable)

Share options granted under the 2012 Scheme on 20 August 2014 are exercisable during the period from 20 August 2015 to 19 August 2024 in three batches, being:

 - 20 August 2015 to 19 August 2024 (up to 30% of the share options granted are exercisable)
 - 20 August 2016 to 19 August 2024 (up to 60% of the share options granted are exercisable)
 - 20 August 2017 to 19 August 2024 (all share options granted are exercisable)

Share options granted under the 2012 Scheme on 2 January 2015 are exercisable during the period from 2 January 2016 to 1 January 2025 in three batches, being:

 - 2 January 2016 to 1 January 2025 (up to 30% of the share options granted are exercisable)
 - 2 January 2017 to 1 January 2025 (up to 60% of the share options granted are exercisable)
 - 2 January 2018 to 1 January 2025 (all share options granted are exercisable)
- Share options granted under the 2015 Scheme on 27 August 2015 are exercisable during the period from 27 August 2016 to 26 August 2025 in two batches, being:
 - 27 August 2016 to 26 August 2025 (up to 50% of the share options granted are exercisable)
 - 27 August 2017 to 26 August 2025 (all share options granted are exercisable)

CORPORATE GOVERNANCE AND OTHER INFORMATION

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. 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 Part 2 of Appendix 14 to the Listing Rules. During 1H2023, the Company had complied with the code provisions under the CG Code, except for the following deviations:

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 10 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 had complied with the required standard of dealings as set out in the Model Code during 1H2023.

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 1H2023.

AUDIT COMMITTEE

The Board established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the CG Code. Under Rule 3.21 of the Listing Rules, a majority of the members of the Audit Committee should be independent non-executive directors and the audit committee should be chaired by an independent non-executive director. As at the date of this interim report, the Audit Committee comprises all three independent non-executive Directors namely, Dr. Zeng Yilong (Chairman), Mr. Song Hongbing and Dr. Li Haitao. The primary responsibilities of the Audit Committee are to review and supervise the financial reporting processes and risk management and internal control systems of the Group.

The Audit Committee has reviewed the financial reporting processes, risk management and internal control systems and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023. The Audit Committee is of the opinion that these unaudited condensed consolidated financial statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

CORPORATE GOVERNANCE AND OTHER INFORMATION

NOMINATION COMMITTEE

The Board established a nomination committee (the “**Nomination Committee**”) with written terms of reference in compliance with the CG Code. Under Rule 3.27A of the Listing Rules, a majority of the members of the nomination committee should be independent non-executive directors and the nomination committee should be chaired by the chairman of the Board or an independent non-executive director. As at the date of this interim report, the Nomination Committee comprises Mr. Chen Wantian (Chairman), Mr. Song Hongbing and Dr. Li Haitao, with the latter two being independent non-executive Directors.

The Nomination Committee considers and recommends to the Board suitably qualified persons to become Directors and is responsible for reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategies in accordance with the Board Diversity Policy and Director Nomination Policy of the Company.

REMUNERATION COMMITTEE

The Board established a remuneration committee (the “**Remuneration Committee**”) with written terms of reference in compliance with the CG Code. Under Rule 3.25 of the Listing Rules, a majority of the members of the remuneration committee should be independent non-executive directors and the remuneration committee should be chaired by an independent non-executive director. As at the date of this interim report, the Remuneration Committee comprises Dr. Li Haitao (Chairman), Mr. Chen Wantian and Mr. Song Hongbing, among whom Dr. Li Haitao and Mr. Song Hongbing are independent non-executive Directors.

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of the Directors and senior management personnel of the Group and to ensure that no Director or any of his associates is involved in deciding his own remuneration.

APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules headed “Disclosure of Financial Information”, save as disclosed in this interim report, the Company confirms that the Company’s current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed significantly from the information disclosed in the Company’s 2022 annual report.

On behalf of the Board
Chen Wantian
Chairman

Hong Kong, 29 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	5	2,812,469	952,318
Cost of sales and services provided		(2,745,818)	(917,852)
Gross profit		66,651	34,466
Other income, net		6,992	3,326
Other gains and losses, net		(2,602)	(3,423)
Selling and distribution expenses		(16,244)	(21,483)
Administrative expenses		(37,449)	(47,783)
Research and development expenses		(524)	(539)
Provision for impairment loss under expected credit loss model, net	13	(1,418)	(309)
Finance costs		(13,483)	(7,191)
Profit (loss) before income tax		1,923	(42,936)
Income tax (expense) credit	6	(137)	457
Profit (loss) for the period	7	1,786	(42,479)
Other comprehensive expenses, net of income tax			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value loss on investment in an equity instrument at fair value through other comprehensive income ("FVTOCI")		(17)	(14)
Total comprehensive income (expense) for the period		1,769	(42,493)
Profit (loss) for the period attributable to:			
Owners of the Company		16,164	(29,948)
Non-controlling interests		(14,378)	(12,531)
		1,786	(42,479)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		16,147	(29,962)
Non-controlling interests		(14,378)	(12,531)
		1,769	(42,493)
Earnings (loss) per share	9	RMB	RMB
Basic		0.01	(0.02)
Diluted		0.01	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTES	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	124,988	127,814
Goodwill		12,476	12,476
Right-of-use assets	10	22,815	20,763
Intangible assets	10	32,072	34,321
Deferred tax assets		6,080	6,295
Refundable rental deposits		919	762
Equity instrument at FVTOCI		7,331	7,348
Deposits paid on acquisition of non-current assets	11	827	2,721
		207,508	212,500
CURRENT ASSETS			
Inventories		1,137,521	1,056,274
Trade and other receivables	12	132,679	111,594
Income tax recoverable		784	1,385
Restricted bank balances	14	39,997	5,291
Pledged bank deposits	14	204,900	166,900
Bank balances and cash		598,224	589,225
		2,114,105	1,930,669
CURRENT LIABILITIES			
Trade and other payables	15	569,099	417,368
Amount due to a non-controlling interest	16	20,762	15,467
Lease liabilities – current portion		5,937	3,721
Contract liabilities		16,976	17,012
Deferred income		2,182	2,182
Income tax payable		6,028	8,165
Bank borrowings	17	426,500	406,382
		1,047,484	870,297
NET CURRENT ASSETS		1,066,621	1,060,372
TOTAL ASSETS LESS CURRENT LIABILITIES		1,274,129	1,272,872

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTES	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital	18	15,935	15,935
Share premium and reserves		436,950	420,803
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
Non-controlling interests		806,767	821,145
TOTAL EQUITY		1,259,652	1,257,883
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,452	1,549
Lease liabilities – non-current portion		2,395	1,718
Deferred income		10,630	11,722
		14,477	14,989
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,274,129	1,272,872

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company									Attributable to non-controlling interests	Total equity
	Share capital	Share premium	Share options reserve	Capital reserve	Statutory reserve	Exchange reserve	FVTOCI reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000 (note i)	RMB'000 (note ii)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (audited)	13,284	1,101,638	90,366	129,731	214,306	(2,736)	(1,586)	(1,143,917)	401,086	832,221	1,233,307
Loss for the period	-	-	-	-	-	-	-	(29,948)	(29,948)	(12,531)	(42,479)
Other comprehensive expense for the period	-	-	-	-	-	-	(14)	-	(14)	-	(14)
Total comprehensive expense for the period	-	-	-	-	-	-	(14)	(29,948)	(29,962)	(12,531)	(42,493)
Subscription of shares	2,651	153,794	-	-	-	-	-	-	156,445	-	156,445
Capital injection of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	11,316	11,316
Transfer	-	-	-	-	207	-	-	(207)	-	-	-
At 30 June 2022 (unaudited)	15,935	1,255,432	90,366	129,731	214,513	(2,736)	(1,600)	(1,174,072)	527,569	831,006	1,358,575
At 1 January 2023 (audited)	15,935	1,255,434	90,366	129,731	214,306	(2,736)	(1,615)	(1,264,683)	436,738	821,145	1,257,883
Profit (loss) for the period	-	-	-	-	-	-	-	16,164	16,164	(14,378)	1,786
Other comprehensive expense for the period	-	-	-	-	-	-	(17)	-	(17)	-	(17)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(17)	16,164	16,147	(14,378)	1,769
At 30 June 2023 (unaudited)	15,935	1,255,434	90,366	129,731	214,306	(2,736)	(1,632)	(1,248,519)	452,885	806,767	1,259,652

Notes:

- (i) The capital reserve represents the sum of (a) RMB31,487,000 being the excess of the consideration paid by an independent investor to acquire 10% interest in the Group over the par value of the share capital subscribed; (b) RMB654,000 being the excess of the share capital of a subsidiary acquired by the Company over the nominal consideration of US\$1 paid, as part of the group reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 December 2012; (c) RMB115,029,000 and RMB54,303,000 being the difference between the increase in the non-controlling interests and the consideration received from the disposal of partial interests in CSMall Group Limited BVI in 2016 and 2017, respectively; (d) RMB18,000 being the difference between the increase in the non-controlling interests and the consideration received from the increase of partial interest in 永豐縣通盛小額貸款股份有限公司 ("Tongsheng") in 2017; (e) a negative amount of RMB74,692,000 being the difference between the increase in the non-controlling interests and the net proceeds received from the initial listing of shares in a Group's subsidiary, CSMall Group Limited ("CSMall Cayman") in March 2018; and (f) the decrease of RMB4,671,000 and the increase of RMB7,603,000 being the shortfall of RMB83,008,000 of the share-based payment expense paid by CSMall Cayman and excess of the proceeds of RMB136,780,000 received from a strategic investor of CSMall Cayman, respectively, over the increase in the carrying amounts of non-controlling interests as a result of share issuance.
- (ii) According to the relevant laws of the People's Republic of China (the "PRC"), the Company's subsidiaries established in the PRC have to transfer a portion of their profits after taxation to the statutory reserve. The transfer to this reserve must be made before the distribution of a dividend to the equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cash flows from operating activities		
Profit (loss) before income tax	1,923	(42,936)
Adjustments for non-cash transactions and items associated with investing or financing activities	25,437	24,309
Operating cash flows before movements in working capital	27,360	(18,627)
(Increase) decrease in inventories	(81,247)	22,448
(Increase) decrease in trade and other receivables	(22,660)	69,885
Increase (decrease) in trade and other payables	151,820	(49,035)
Other working capital movements	(34,742)	53,206
Cash generated from operations	40,531	77,877
Income tax paid	(1,555)	(2,334)
Net cash generated from operating activities	38,976	75,543
Cash flows from investing activities		
Placement of pledged bank deposits	(117,800)	(164,900)
Withdrawal of pledged bank deposits	79,800	115,000
Purchase of property, plant and equipment	(3,964)	(3,840)
Deposits paid on acquisition of property, plant and equipment	(71)	(3,390)
Proceeds from disposal of property, plant and equipment	9	266
Interest income received	2,020	1,376
Net cash inflow from acquisition of a subsidiary	–	1,398
Net cash used in investing activities	(40,006)	(54,090)
Cash flows from financing activities		
Proceeds from bank borrowings	276,500	386,321
Repayments of bank borrowings	(256,382)	(170,160)
Proceeds from subscription of shares	–	156,445
Advances from a non-controlling interest	5,359	1,800
Repayment to a non-controlling interest	(64)	(57)
Interest paid	(13,572)	(7,324)
Repayment of lease liabilities	(1,812)	(2,276)
Repayment to 上海華通白銀國際交易中心 (“Huatong International”)	–	(40)
Repayment to third party	–	(23)
Net cash generated from financing activities	10,029	364,686

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Net increase in cash and cash equivalents	8,999	386,139
Cash and cash equivalents at 1 January	589,225	316,805
Cash and cash equivalents at 30 June	598,224	702,944

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 and Amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial asset	Fair value as at 30 June 2023 RMB'000 (unaudited)	Fair value as at 31 December 2022 RMB'000 (audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Equity instrument at FVTOCI	7,331	7,348	Level 3	Adjusted net assets approach – in this approach, the share of the net asset value has been used to capture the present value of the expected future economic benefits to be derived from the ownership of Huatong International.	For equity instrument at FVTOCI valued using net asset value without adjustment

Reconciliation of Level 3 fair value measurements of equity instrument at FVTOCI

	2023 RMB'000	2022 RMB'000
As at 1 January (audited)	7,348	7,377
Unrealised loss in other comprehensive expense	(17)	(14)
As at 30 June (unaudited)	7,331	7,363

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers ("CODMs") (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");
- (ii) designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC ("New Jewellery Retail segment");
- (iii) providing professional electronic platform and related services for trading of silver ingots ("Silver Exchange segment"); and
- (iv) integrated online-and-offline sales of fresh food in the PRC, and providing related electronic platforms and branding and SaaS (software as a service) services along the agricultural supply chain in the PRC ("Fresh Food Retail segment").

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:

	Six months ended 30 June 2023						
	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Silver Exchange segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Segment total RMB'000 (unaudited)	Elimination RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
Revenue							
External sales	2,584,609	141,867	7,887	78,106	2,812,469	-	2,812,469
Inter-segment sales*	36,392	-	-	-	36,392	(36,392)	-
Total segment revenue	2,621,001	141,867	7,887	78,106	2,848,861	(36,392)	2,812,469
Results							
Segment results	36,050	(7,723)	2,091	(11,256)	19,162		19,162
Non-segment items							
Unallocated income, expenses, gains and losses							(7,217)
Unallocated finance costs							(10,022)
Profit before income tax							1,923

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

	Six months ended 30 June 2022				Segment total RMB'000 (unaudited)	Elimination RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Silver Exchange segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)			
Revenue							
External sales	102,020	160,949	12,012	677,337	952,318	-	952,318
Inter-segment sales*	83,669	28	-	-	83,697	(83,697)	-
Total segment revenue	185,689	160,977	12,012	677,337	1,036,015	(83,697)	952,318
Results							
Segment results	(15,800)	(3,078)	3,455	(12,868)	(28,291)		(28,291)
Non-segment items							
Unallocated income, expenses, gains and losses							(8,489)
Unallocated finance costs							(6,156)
Loss before income tax							(42,936)

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

(b) Segment assets and liabilities

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

As at 30 June 2023

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Silver Exchange segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Total RMB'000 (unaudited)
ASSETS					
Segment assets	567,012	1,595,644	69,526	80,395	2,312,577
Unallocated corporate assets					9,036
Total assets					2,321,613
LIABILITIES					
Segment liabilities	634,451	250,427	70,393	86,924	1,042,195
Unallocated corporate liabilities					19,766
Total liabilities					1,061,961

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

As at 31 December 2022

	Manufacturing segment RMB'000 (audited)	New Jewellery Retail segment RMB'000 (audited)	Silver Exchange segment RMB'000 (audited)	Fresh Food Retail segment RMB'000 (audited)	Total RMB'000 (audited)
ASSETS					
Segment assets	483,171	1,535,864	36,866	76,841	2,132,742
Unallocated corporate assets					10,427
Total assets					2,143,169
LIABILITIES					
Segment liabilities	586,457	193,981	17,262	72,751	870,451
Unallocated corporate liabilities					14,835
Total liabilities					885,286

(c) Other segment information

For the period ended 30 June 2023

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Silver Exchange segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Amounts included in the measure of segment profit or loss or segment assets:						
Amortisation of intangible assets	(181)	-	(1,680)	(388)	-	(2,249)
Depreciation of property, plant and equipment	(5,953)	(2,135)	(566)	(54)	-	(8,708)
Depreciation of right-of-use assets	(217)	(1,299)	(2)	(681)	(454)	(2,653)
Fair value loss on investment in equity instrument at FVTOCI	-	-	(17)	-	-	(17)
Reversal of (provision for) impairment loss under expected credit loss model, net	6	(170)	-	(1,254)	-	(1,418)
Loss on disposal of property, plant and equipment	-	-	(38)	-	-	(38)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. SEGMENT INFORMATION (Continued)

(c) Other segment information (Continued)

For the period ended 30 June 2022

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Silver Exchange segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Amounts included in the measure of segment profit or loss or segment assets:						
Amortisation of intangible assets	(181)	-	(5,521)	-	-	(5,702)
Depreciation of property, plant and equipment	(6,171)	(2,402)	(574)	(36)	-	(9,183)
Depreciation of right-of-use assets	(151)	(1,299)	(2)	-	(800)	(2,252)
Fair value loss on investment in equity instrument at FVTOCI	-	-	(14)	-	-	(14)
Provision for impairment loss under expected credit loss model, net	(45)	(3)	-	(261)	-	(309)
Loss on disposal of property, plant and equipment	(1,587)	(568)	-	-	-	(2,155)

(d) Geographical information

The Group's operations are located in the PRC. All of the Group's revenue during the six months ended 30 June 2023 and 2022 are generated in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. REVENUE

Disaggregation of revenue from contracts with customers

Segments	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
By types of goods and services		
Manufacturing segment		
– Sales of silver ingots	2,584,609	102,020
New Jewellery Retail segment		
– Sales of gold products	96,029	103,407
– Sales of silver products	44,322	55,694
– Sales of colored gemstones	1,369	1,307
– Sales of gem-set and other jewellery products	147	541
	141,867	160,949
Silver Exchange segment		
– Commission income	7,887	12,012
Fresh Food Retail segment		
– Sales of fresh food products	78,106	677,337
Total	2,812,469	952,318

All of the revenue are recognised at a point in time during the six months ended 30 June 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
PRC Enterprise Income Tax ("EIT")		
– current period	–	518
– under (over) provision in respect of prior periods	19	(1,340)
	19	(822)
Deferred tax	118	365
	137	(457)

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

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% for both periods, except for Shanghai Huatong Silver Exchange Company Limited (上海華通鉑銀交易市場有限公司) ("Shanghai Huatong") has been recognised as a High and New Technology Enterprise during the current interim period, such that it is entitled to a concessionary tax rate of 15% for three consecutive years beginning from the year of 2020 to 2022 and was subject to review once every three years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Cost of inventories and services recognised as expenses (included in cost of sales and services provided)	2,745,818	917,852
Depreciation of property, plant and equipment	8,708	9,183
Depreciation of right-of-use assets	2,653	2,252
Amortisation of intangible assets	2,249	5,702
Bank interest income	(2,020)	(1,376)
Net exchange loss	2,562	1,176
Loss on disposal of property, plant and equipment	38	2,155
Gain on disposal of a subsidiary	–	(18)
Expenses on short-term leases in respect of office premises and retail shops	822	1,609

8. DIVIDENDS

No dividends were paid, declared or proposed for the ordinary shareholders of the Company during the current interim period (six months ended 30 June 2022: nil). The directors of the Company have determined that no dividend will be paid in respect of both interim periods.

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company are based on the following data:

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share (RMB'000)	16,164	(29,948)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share (in thousand)	1,954,081	1,781,344

For the six months ended 30 June 2023 and 2022, the computation of diluted earnings (loss) per share does not assume the exercise of the Company's outstanding options because the effect of exercise of these options was anti-dilutive.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment of RMB3,890,000 mainly consist of plant and machinery, motor vehicles and office equipment (six months ended 30 June 2022: RMB709,000 mainly consist of plant and machinery, motor vehicles and office equipment) for the expansion of its production scale and enhancement of production efficiency.

During the current interim period, the Group increased construction in progress of RMB2,039,000 (six months ended 30 June 2022: RMB3,382,000) for the improvements and enhancement of production efficiency of buildings of Jiangxi Longtianyong.

During the current interim period, the Group disposed of plant and machinery, motor vehicle, and office equipment with an aggregate carrying amount of RMB47,000 (six months ended 30 June 2022: certain plant and machinery, motor vehicle, and office equipment with an aggregate carrying amount of RMB2,421,000) for cash proceeds of RMB9,000 (six months ended 30 June 2022: RMB266,000), resulting in a loss on disposal of RMB38,000 (six months ended 30 June 2022: loss on disposal of RMB2,155,000).

During the six months ended 30 June 2023, the Group entered into two new lease agreements for the use of office premise and staff quarter for 2 to 3 years (six months ended 30 June 2022: nil). On the lease commencement, the Group recognised RMB4,705,000 of right-of-use assets.

11. DEPOSITS PAID ON ACQUISITION OF NON-CURRENT ASSETS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Deposits paid on acquisition of property, plant and equipment (<i>Note</i>)	827	2,721

Note:

The amount represents deposits paid by the Group in relation with the acquisition of plant and equipment under Manufacturing segment. The unsettled amount is disclosed as a capital commitment in Note 22.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

12. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables for contracts with customers	34,870	35,199
Less: allowance for expected credit losses	(15,761)	(14,343)
	19,109	20,856
Other receivables, deposits and prepayments (<i>note i</i>)	90,003	67,034
Prepayments to suppliers (<i>note ii</i>)	3,679	3,227
Value-added tax ("VAT") recoverable	19,888	20,477
	132,679	111,594

Notes:

- (i) The balance mainly represents prepayments for technical service and purchase of goods under the Group's Fresh Food Retail segment.
- (ii) The balance represents prepayments for purchase of inventories under the Group's New Jewellery Retail segments.

Before accepting any new customer, other than those settling by cash or credit cards, 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 not more than 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 expected credit losses presented based on the invoice dates at the end of the reporting period is as follows:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0-30 days	9,707	17,694
31-60 days	2,089	732
61-90 days	661	312
Over 90 days	6,652	2,118
	19,109	20,856

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Details of impairment assessment of trade receivables for the six months ended 30 June 2023 and 2022 are set out in Note 13.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. PROVISION FOR IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Provision for impairment loss recognised in respect of trade receivables, net	1,418	309

The basis of determining the inputs and assumptions and the estimation techniques used in estimation of expected credit loss in respect of trade receivables in these condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

14. RESTRICTED BANK BALANCES/PLEDGED BANK DEPOSITS

The Group receives and holds money deposited by clients in the course of trading in the silver exchange platform. These clients' monies are maintained in one or more trust bank accounts and bear interest at prevailing market rates. The Group has classified the client's monies as restricted bank balances and recognised the corresponding deposits received in other payables. However, the Group is not permitted to use these monies to settle its own obligations and currently does not have an enforceable right to offset those payables with the deposits placed.

As at 30 June 2023, pledged bank deposits amounting to RMB204,900,000 (31 December 2022: RMB166,900,000) represent deposits pledged to a bank to secure bills payables (see Note 15(ii)) of the Group. The bills payables and bank borrowings are due for repayment within one year from the end of the reporting period, and thus the pledged bank deposits are classified as current assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade payables	46,430	32,912
Other payables and accrued expenses (<i>Note i</i>)	188,614	119,515
Bills payables (<i>Note ii</i>)	244,800	206,800
Deposits received for using the silver exchange platform	39,997	5,291
Amount due to Huatong International (<i>Note iii</i>)	19,135	19,184
VAT and other tax payables	9,910	13,453
Provision for environmental pollution rectification	12,800	12,800
Provision for termination of assignment contracts (<i>Note iv</i>)	7,413	7,413
	569,099	417,368

Notes:

- (i) Included in the other payables are payables for office leasehold improvement amounting to RMB2,584,000 (31 December 2022: RMB10,084,000) and interest payables amounting to RMB89,000 (31 December 2022: RMB248,000).
- (ii) As at 30 June 2023, bills payables amounting to RMB244,800,000 (31 December 2022: RMB206,800,000) are secured by pledged bank deposit. Among the total bills payables, the bills payables amounting to RMB136,800,000 (31 December 2022: RMB166,900,000) are also secured by corporate guarantee executed by a subsidiary of CS Mall Cayman and an independent third party and assets held by an independent third party (31 December 2022: same).
- (iii) Huatong International (上海華通白銀國際交易中心) is a company which the Group held 18% equity interest and accounted for as an equity investment at FVTOCI. The amount was non-trade in nature, unsecured, interest-free and repayable on demand.
- (iv) In September 2018, Huzhou Baiyin Property Co., Ltd* (湖州白銀置業有限公司) ("Huzhou Baiyin"), an indirect non wholly-owned subsidiary of the 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 "Huzhou Municipal 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 Huzhou Municipal Bureau, and a compensation agreement with the Committee, pursuant to which the Committee and the Huzhou Municipal 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 non 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 30 June 2023, 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 (31 December 2022: 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:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 – 30 days	14,970	6,845
31 – 60 days	5,083	1,750
61 – 90 days	569	343
Over 90 days	25,808	23,974
	46,430	32,912

The credit period of purchase of goods and subcontracting costs generally is not more than 90 days. The Group has financial risk management policies in place to ensure that all payables are settled.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. AMOUNT DUE TO A NON-CONTROLLING INTEREST

As at 30 June 2023 and 31 December 2022, the amount due to a non-controlling interest is non-trade in nature, unsecured, interest-free and repayable on demand.

17. BANK BORROWINGS

The total banking facility granted to the Group amounted to RMB450,000,000 (31 December 2022: RMB480,331,000) of which RMB426,500,000 (31 December 2022: RMB406,382,000) were utilised as at 30 June 2023.

As at 30 June 2023, bank borrowing are secured and/or guaranteed by (i) leasehold land and building with aggregate carrying amount of RMB15,807,000 and RMB58,391,000 respectively; (ii) personal guarantee and properties held by a director of the Company, Mr. Chen Wantian and his spouse; (iii) personal guarantee, corporate guarantee and certain assets of a supplier and independent third parties; and (iv) personal guarantee from directors of subsidiaries (31 December 2022: (i) leasehold land and building with aggregate carrying amount of RMB16,025,000 and RMB61,205,000 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 borrowings of RMB135,500,000 as at 30 June 2023 (31 December 2022: RMB223,382,000) carry interest at fixed rates, ranging from 3.6% to 5.6% (31 December 2022: 3.9% to 14.4%) per annum and RMB291,000,000 (31 December 2022: RMB183,000,000) carry interest at loan prime rate plus from 0.96% to 3.65% (31 December 2022: 0.96% to 2.80%) per annum.

18. SHARE CAPITAL

	Number of shares	Share capital	
		HK\$'000	RMB'000
Authorised:			
At 1 January 2022, 30 June 2022, 31 December 2022, 1 January 2023 and 30 June 2023			
	3,000,000,000	30,000	24,386
Issued:			
At 1 January 2022			
	1,628,400,589	16,285	13,284
Subscription of shares (<i>Note</i>)			
	325,680,117	3,257	2,651
At 30 June 2022, 31 December 2022, 1 January 2023 and 30 June 2023			
	1,954,080,706	19,542	15,935

Note: On 23 February 2022, the Group entered into the subscription agreements with the subscribers, pursuant to which the Company allot and issue, an aggregate of 325,680,117 new shares at the subscription price of HK\$0.59 per new share and the subscribers agreed to subscribe for these new shares. The Group received approximately of HK\$191,151,000 (or approximately RMB155,108,000) net proceeds from the subscription. Details are set out in the announcement dated 23 February 2022.

As at 30 June 2023, the number of shares in respect of which options had been granted and remained outstanding was 151,950,000 (30 June 2022: 151,950,000) representing 7.78% (30 June 2022: 7.78%) of the shares of the Company in issue at the end of the reporting period. All the share options were vested and the related expenses were recognised in profit or loss in previous years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

19. SHARE OPTION SCHEME

The Company has the share option scheme adopted on 5 December 2012 (the “Scheme”) and the new share option scheme adopted on 21 April 2015 (the “New Scheme”).

During the six months ended 30 June 2023 and 2022, there were no share options lapsed, granted or exercised under the Scheme.

As at 30 June 2023, the outstanding share options under the Scheme were 70,950,000 (31 December 2022: 70,950,000), and the outstanding share options under the New Scheme were 81,000,000 (31 December 2022: 81,000,000).

Further details of share option scheme were set out in the Group’s consolidated financial statements for the year ended 31 December 2022.

20. PLEDGE OF ASSETS

At the end of the reporting period, assets with the following carrying amounts were pledged to secure the bills payables and bank borrowings.

	30 June 2023 RMB’000 (unaudited)	31 December 2022 RMB’000 (audited)
Property, plant and equipment	58,391	61,205
Leasehold lands (included in the right-of-use assets)	15,807	16,025
Pledged bank deposits	204,900	166,900
	279,098	244,130

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

21. RELATED PARTY DISCLOSURES

(i) Related party transactions and balances

Saved as disclosed elsewhere in the condensed consolidated financial statements, no other transactions and balances with related parties were entered into by the Group during both periods.

(ii) Compensation of key management personnel

The emoluments of the directors and members of key management of the Group are as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Salaries and other allowances	3,245	3,032
Retirement benefits schemes contributions	28	29
	3,273	3,061

22. CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
	Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	–

23. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2023, the Group entered into two new lease agreements for the use of office premise and staff quarter for 2 to 3 years. On the lease commencement, the Group recognised RMB4,705,000 of right-of-use assets and RMB4,705,000 of lease liabilities. During the six months ended 30 June 2022, the Group has no major non-cash transactions.