金猫银猫CSmall

金貓銀貓集團有限公司
CSMall Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1815

ANNUAL REPORT 2024

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Chen He (陳和)
Huang Wen (黃雯) (Appointed on 25 November 2024)
Qian Pengcheng (錢鵬程)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Qilin
Zhang Zuhui (張祖輝)
Yu Leung Fai (余亮暉)

AUDIT COMMITTEE

Yu Leung Fai *(Chairman)*
Hu Qilin
Zhang Zuhui

REMUNERATION COMMITTEE

Zhang Zuhui *(Chairman)*
Hu Qilin
Yu Leung Fai

NOMINATION COMMITTEE

Chen He *(Chairman)*
Yu Leung Fai
Zhang Zuhui

COMPANY SECRETARY

Yip Chun Ming, Alex (葉峻銘) (Appointed on 1 April 2024)
Chan Sau Ling (陳秀玲) (Resigned on 1 April 2024)

AUTHORISED REPRESENTATIVES

Chen He
Yip Chun Ming, Alex (Appointed on 1 April 2024)
Chan Sau Ling (Resigned on 1 April 2024)

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman
KY1-9005
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

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman
KY1-9005
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS IN THE PRC

29th Floor
Shuibei International
No. 99 Beili North Road
Luohu District
Shenzhen, Guangdong, the 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.csmall.com

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
1815

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.
Industrial Bank Co., Ltd.

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

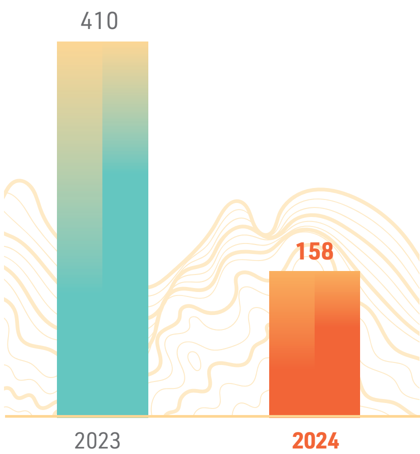
Cayman Islands law:

Ogier

FINANCIAL HIGHLIGHTS

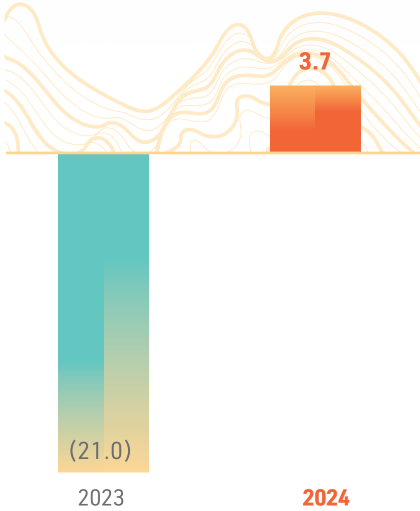
Revenue from continuing operation

RMB million



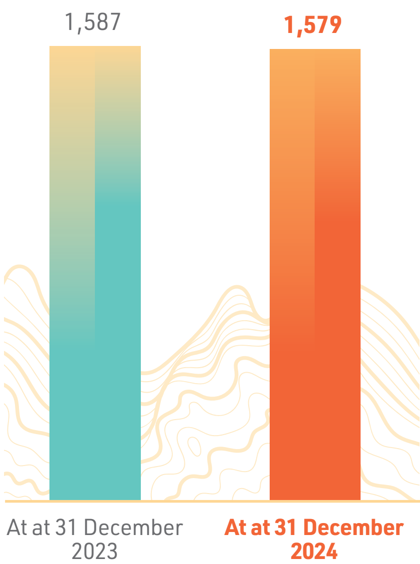
Profit (Loss) attributable to owners from continuing operation

RMB million



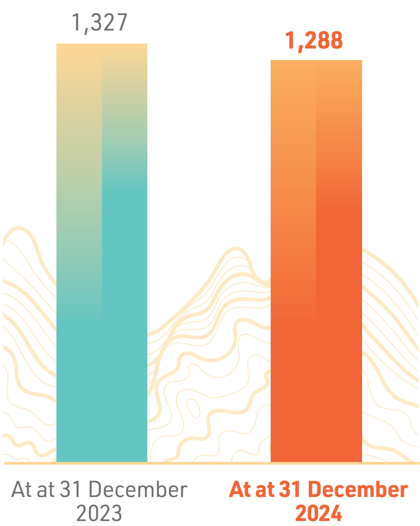
Total Assets

RMB million



Net Assets

RMB million



OUR MILESTONES

Mar 2018
CSMall Group Limited (Stock code:1815) was successfully listed on The Stock Exchange of Hong Kong Limited

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 (supply chain to business to customer) platform of fresh food products in the People's Republic of China ("**PRC**")

Aug 2024
Acquired business in exploration on mineral resources

2018
Became an executive vice president unit (常務副會長單位) of the Silver Branch under the Gems & Jewelry Trade Association of China (中國珠寶玉石首飾行業協會白銀分會)

Established the Gold and Jewellery Big Data Professional Committee (黃金珠寶大數據專業委員會) under the Shenzhen Big Data Research and Application Association (深圳市大數據研究與應用協會)

2013
Commencement of our online business

2014
Launched our Internet website www.csmall.cn, which was later changed to www.csmall.com

Our first franchised CSmall Shop was opened, marking the commencement of our offline business

Opened our flagship Shenzhen Exhibition Hall in Shuibei, Shenzhen

2015
Mobile website m.csmall.com was launched

Mobile app "金貓銀貓 CSmall" was launched

SELECTED BRANDS AND PRODUCTS

SELECTED BRANDS AND PRODUCTS

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of CSMall Group Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**" or "**we**") for the financial year ended 31 December 2024 (or the "**current year**", "**this year**" or "**during the year**") together with the comparative figures for the year ended 31 December 2023 (or the "**last year**" or" **prior year**").

BUSINESS REVIEW

For the year ended 31 December 2024, the overall revenue of the Group, which derived from continuing operation of the New Jewellery Retail Business, amounted to approximately RMB157.6 million (2023: approximately RMB410.5 million). The profit attributable to owners of the Company from continuing operation for the year amounted to approximately RMB3.7 million (2023: loss of approximately RMB21.0 million). The loss attributable to the owners of the Company for the year in respect of the Fresh Food Retail segment, which is classified under discontinued operation in the consolidated statement of profit or loss and other comprehensive income, amounted to approximately RMB26.9 million (2023: approximately RMB14.0 million).

In 2024, the gold price rose as economic uncertainties, fluctuations in the US dollar, inflationary pressures and geopolitical risks have increased the appeal of gold as a safe-haven asset. In the context of the continuous record-high gold price, the jewellery industry in the PRC has faced significant pressure on overall performance.

According to the China National Statistics Bureau, the total retail sales of consumer goods rose by 2.7% year-on-year in the period from April to September 2024, but the total sales of gold, silver and jewellery fell by 5.8% in the same period. The weak consumer demand in 2024 has led to a decline in the performance of most of the gold and jewellery companies in the PRC, putting pressure on their revenue and profit. Meanwhile, while traditional enterprises faced pressure and competition, certain niche segments combining "culture" and "gold preservation" such as ancient-style gold products and brands have bucked the trend and achieved robust growth, highlighting the importance of product differentiation.

CHAIRMAN'S STATEMENT

In the face of pressure from external environment, in 2024, the Group focused on silver products with high profit margin and reduce its focus on gold products with low profit margin. As a result, both gross profit and gross profit margin of the core business of New Jewellery Retail segment increased significantly, transforming the segment loss into profit and steering the business back onto a growth trajectory.

Amid the strong upward trend in gold prices, upstream gold enterprises entered a golden era in 2024, achieving remarkable growth. The Group has been actively preparing to seize future opportunities, including strategically entering the upstream gold exploration business at an opportune time in 2024. The Group will continue to explore and consider suitable business opportunities within and outside the jewellery industry from time to time to diversify its business risks. The Group will seek to gradually transform into a gold resource enterprise through the acquisition of the exploration right of a mine in Tibet, China in August 2024, positioning itself to fully capitalize on the substantial benefits of the gold bull market. Meanwhile, the Group will continue to implement rigorous cost management and prudent capital management measures.

Overall, in 2024, the Group focused on strict costs control and consolidation of its core businesses. The overall gross profit margin for 2024 increased significantly to approximately 30.7% (2023: 9.0%). The Company's continuing operation successfully transitioned from a loss to a profit, returning to growth. Furthermore, the Group has carried out strategic restructuring, including acquiring high-potential companies and timely divesting underperforming business segments, such as the disposal of the Fresh Food Retail segment and the acquisition of the exploration right of a mine in Tibet, China. These initiatives are expected to drive strong business and profit growth in 2025 and beyond, enabling the Company to deliver solid returns to shareholders.

New Jewellery Retail Segment

High gold prices have suppressed end-consumption demand, and consumers are taking a wait-and-see attitude toward buying gold jewellery. In 2024, the Group's sales of gold products with lower gross profit margin and higher unit price accounted for approximately 9.9% (2023: 73.3%) of the overall New Jewellery Retail segment, while the sales of silver products with higher gross profit margin and lower unit price accounted for approximately 87.4% (2023: 25.4%) of the overall New Jewellery Retail segment. The decline in sales of gold products led to a decline in the overall sales of the Group's New Jewellery Retail segment in 2024, but the increase in the sales of silver products with a low unit price but high gross profit margin led to a significant increase in both the overall gross profit and gross profit margin during the year.

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.

CHAIRMAN'S STATEMENT

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.

CHAIRMAN'S STATEMENT

ONLINE SALES CHANNELS

OFFLINE RETAIL AND SERVICE NETWORK

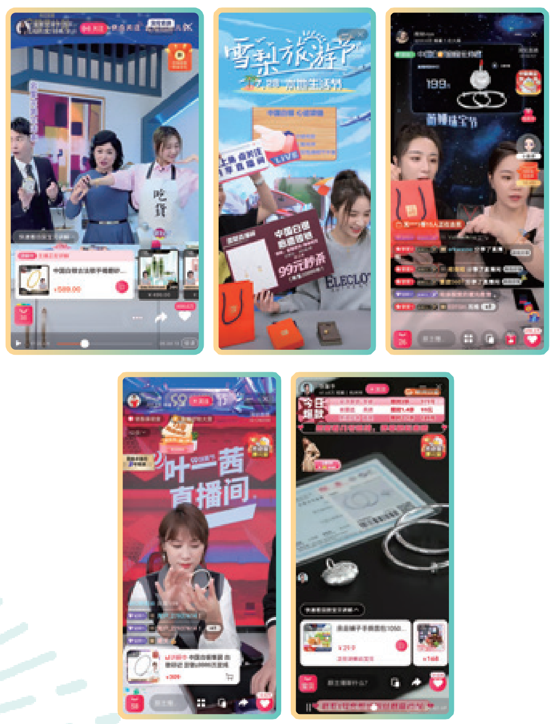
- CSmall Shops
- Shenzhen Exhibition Hall

PRODUCT DESIGN, RESEARCH AND DEVELOPMENT AND PRODUCTION

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 was 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.



1 進入SISI商城 点击种钻查询 (Enter "SISI Mall" and click "Diamond-growing enquiry")

2 点击订单进度 即可查询订单 (Click "Order status" to enquire about order)

3 输入订单编号 即刻查看订单进度 (Enter order number to view order status at once)

CHAIRMAN'S STATEMENT

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.

CHAIRMAN'S STATEMENT

(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.

CHAIRMAN'S STATEMENT

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 general 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 (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) ("**Jiangsu Nongmuren**"), which is the developer and operator of the "農牧人" ("Nongmuren", meaning farmers and herdsmen) S2B2C platform. The "Nongmuren" S2B2C platform, officially launched in May 2021, provides branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in China. However, the business began to decline seriously in the last year and the decline continued this year. The decline in pork prices and consumption in 2023, coupled with the post-pandemic recovery of traditional fresh market, has reshaped the market. Meanwhile, the Group promptly implemented major strategic adjustments, halting the rapid expansion of "Meat Shopkeeper (肉掌櫃)" business and shifting its focus to a refined operational model that aims at profitability. In light of the continued decrease in the sales of fresh food this year, the weakening viability of the business model, limited growth potential and the presence of a willing buyer, on 5 November 2024, the Group signed an equity transfer agreement with the buyer to dispose of its entire 51% equity interest in Shenzhen Xiansheng, in order for the Group to focus its management's attention and financial and manpower resources on its core businesses of jewellery and metals. The disposal was completed on 13 January 2025 and is expected to generate an estimated gain attributable to the owners of the Company of approximately RMB40 million (this amount is subject to audit and will be recorded in the Company's financial results for the year ended 31 December 2025).

CHAIRMAN'S STATEMENT

PROSPECTS

With the price of gold and silver constantly refreshing a record high in the past two years, the Group's transformation decision of engagement in the upstream field has greatly increased its competitiveness in the market. Through the expansion of resource reserves, the Group is confident of bringing lasting benefits under the tide of this gold bull market to achieve stable growth.

Looking forward, the focus of the global capital market will be placed on the significant breakthrough of the gold market. Gold price is expected to continue to rally, driven by the buying spree of central bank, global economic fragility and United States government's attempts to rewrite the rules of global trade by imposing tariffs on allies and strategic competitors.

In January 2025, the Group was pleased to announce the completion of the general exploration on mineral resources in the Lhkoa Exploration Area (the "**General Exploration**") conducted by certain geological expert, as well as the geological expert's compilation of a report on the General Exploration (the "**General Exploration Report**"). The General Exploration Report was submitted to Land and Mining Rights Transaction and Resources and Reserves Review Centre of the Tibet Autonomous Region (西藏自治區土地礦權交易和資源儲量評審中心) under the Natural Resources Department of the Tibet Autonomous Region (西藏自治區自然資源廳) (the "**Tibet Review Centre**") for review. Tibet Longtianyong received a review opinion on the General Exploration Report issued by the Tibet Review Centre (the "**Review Opinion**") in mid-January 2025. According to the General Exploration Report and Review Opinion, Tibet Longtianyong's General Exploration efforts have discovered certain gold mineralized zones and further delineated certain gold ore bodies therein; such gold ore bodies 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. 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.

Following further in-depth exploration works, the Group was pleased to announce the updates on detailed exploration implementation plan for the Lhoka Mine. The Land and Mining Rights Transaction and Resources and Reserves Review Centre of the Tibet Autonomous Region (西藏自治區土地礦權交易和資源儲量評審中心) under the Land and Resources Department of the Tibet Autonomous Region (西藏自治區國土資源廳) (the "**Tibet Review Centre**") recently further approved the detailed exploration implementation plan (the "**Detailed Exploration Implementation Plan**") submitted by Tibet Longtianyong in relation to the polymetallic mine at Lhoka Exploration Area (the "**Lhoka Mine**") for its review. At present, Tibet Longtianyong is in the process of applying for an extension of the exploration rights, which will involve upgrading the exploration phase of its exploration right from "general exploration" to "detailed exploration". The area of the detailed exploration is 22.8246km^2. The detailed exploration phase will focus on systematically analyzing data gathered from the general exploration stage, formulating precise detailed exploration strategies, identifying potential areas through 1:5,000 geological survey and conducting preliminary analysis of the correlation between mineralization and geological structure. This will then be followed by 1:2,000 high-precision measurement within ore-enriched zones to determine ore-controlling factors and the characteristics of surrounding rocks. Priority will be given to integrated exploration trenching and drilling operations in areas with high potential for gold-bearing ore bodies and structural belts, with the goal of accurately identify the main ore body morphology and ore characteristics. Additionally, beneficiation and smelting experiments will be conducted to assess ore processing performance and verify the quantity of controlled and inferred resources. This marks a key step forward in advancing the Group's mining exploration and development strategy in the region.

CHAIRMAN'S STATEMENT

The expected results of this detailed exploration mainly include the submission of the "Detailed Exploration Report on the Mine Gold in Gudui mining area, Comai County, Lhoka City, Tibet Autonomous Region" (《西藏自治區山南措美縣古堆礦區金礦詳查報告》) and the submission of expected result of 20,000 kg of controlled and inferred resource quantity of gold (Au), thus laying an important foundation for the project to be developed on a large scale as a large gold mine. The Detailed Exploration Implementation Plan has been approved by the Tibet Review Centre, which represents the official authority's recognition of the development potential and compliance of the exploration project and that the technical route is scientific and reasonable, providing a reliable basis for subsequent efficient development.

The review opinion of the Detailed Exploration Implementation Plan also clearly recommends focusing on promoting the work deployment for the comprehensive development and utilization of antimony ore. Gold and antimony can be extracted synchronously from the gold-antimony symbiotic ore bodies through the same set of mining and beneficiation system without the need to build additional independent production lines. The existing gold ore beneficiation and smelting process can be adapted to the antimony separation process (such as the flotation-cyanidation combined method), and the antimony concentrate can be directly sold as a by-product. As a key material for semiconductors, antimony (Sb) plays an irreplaceable and important role in the application of semiconductor technology in cutting-edge scientific and technological fields such as infrared detection, efficient storage, energy utilization, and quantum computing. Driven by the demand for semiconductor materials and other factors, the price of antimony has remained at a high level for a long time, and the revenue from associated antimony is expected to become an important profit growth driver for the project. The approval of the Detailed Exploration Implementation Plan marks that the Company has made significant and substantial progress in transforming into a gold resource enterprise with the development potential of a large gold mine. The Company is also seizing this opportunity to invest in core materials of semiconductor, and the Group is poised to benefit significantly from the rapid advancement of cutting-edge scientific and technological industries such as semiconductors, new energy, high-efficiency storage, and quantum computing.

Meanwhile, with the divestiture of the Fresh Food Retail business and the expected recovery of the consumer market, the Group will continue to steadily operate its original core businesses of gold, silver and jewellery businesses. The management and employees of the Group are confident in achieving the Company's performance targets through joint efforts. The Board of the Group have proposed adoption of a share option scheme with a view to enhancing employees' morale and confidence through the share option scheme.

The Group has demonstrated long-term focus on gold-related business operations and the proposed change of Company name provides the Company with a more defined corporate image and identity and comprehensively enhance the brand upgrade. The change of the name of the Group to Mount Everest Gold Group Company Limited signals the Group's shift in strategic focus.

The Group is confident to bring investors a significant leap through the strategic transformation and continue to bring good returns to shareholders in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing Operation

Revenue

The revenue of the Group for the year ended 31 December 2024 was approximately RMB157.6 million (2023: RMB410.5 million), representing a significant decrease of approximately 61.6% from that of 2023, the decrease was 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, which discouraging customers from purchasing 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 this strategic shift contributed to improved profitability, it led to an overall decrease in sales revenue during the year.

	2024		2023	
	Revenue	**% of**	Revenue	% of
	RMB'000	**revenue**	*RMB'000*	revenue
			(restated)	(restated)
By products				
– Sales of silver products	**137,643**	**87.3%**	104,149	25.4%
– Sales of gold products	**15,629**	**9.9%**	300,701	73.3%
– Sales of colored gemstones	**3,574**	**2.3%**	3,105	0.8%
– Sales of gem-set and other jewellery products	**724**	**0.5%**	2,503	0.5%
	157,570	**100.0%**	410,458	100.0%
By sales channels				
– Online sales channels	**105,774**	**67.1%**	358,471	87.3%
– Offline retail and service network	**51,796**	**32.9%**	51,987	12.7%
Total	**157,570**	**100.0%**	410,458	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales significantly decreased from approximately RMB373.5 million for the year ended 31 December 2023 to approximately RMB109.2 million for the year ended 31 December 2024, representing a significant decrease of approximately 70.8%, mainly due to significant decrease in cost of sales contributed from the decrease in sales of gold products which has a higher cost of sales compared to other products.

Gross Profit and Gross Profit Margin

We recorded gross profit of approximately RMB48.4 million for the year ended 31 December 2024 (2023: RMB36.9 million), an increase of approximately 31.1% as compared to that of 2023. This growth was primarily driven by increased sales of silver products, which generally carry a higher profit margin compared to gold products. This shift of increase in sales of silver products 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. As a result, the overall gross profit margin improved from approximately 9.0% in 2023 to approximately 30.7% in 2024, reflecting the favorable shift in product mix towards the sales of higher-margin silver products.

Other Income, Gains and Losses

Other income and other gains and losses mainly include government grants and bank interest income; and net exchange losses respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 21.6% from approximately RMB19.8 million for the year ended 31 December 2023 to approximately RMB15.5 million for the year ended 31 December 2024, due to various decreased expenses such as reduced spending on TV shopping activities, as some partnerships were discontinued in 2024 following a declining trend in shopping through this channel over recent years. Additionally, marketing and promotional campaign expenses decreased in 2024, particularly in relation to lab-grown diamonds. The closure of physical stores further contributed to cost savings, including reductions in packaging, in-store staff expenses, and other associated operational costs.

Administrative Expenses

Administrative expenses decreased by approximately 14.8% from approximately RMB27.7 million for the year ended 31 December 2023 to approximately RMB23.6 million for the year ended 31 December 2024, primarily due to the ongoing implementation of cost control measures, which led to reductions in overall administrative expenses, particularly in staff costs.

Income Tax Expense

Income tax expense increased from approximately RMB0.3 million for the year ended 31 December 2023 to approximately RMB1.2 million for the year ended 31 December 2024, mainly due to the increase in the PRC Enterprise Income Tax charged for the year.

Profit (loss) Attributable to Owners of the Company

For the year ended 31 December 2024, we recorded a profit attributable to owners of the Company from continuing operation of approximately RMB3.7 million (2023: loss of RMB21.0 million). This turnaround from loss to profit was primarily driven by the strategic shift in product focus. Although the overall sales volume during the year declined due to a significant decrease in sales of gold products, the Group recorded growth in sales of silver products, which have a significantly higher gross profit margin compared to gold products. This shift contributed to an increase in gross profit, coupled with decrease in selling and distribution expense and administration expense, it resulted in a turnaround from a net loss in last year to a net profit this year.

MANAGEMENT DISCUSSION AND ANALYSIS

Discontinued Operation

As disclosed in the announcements jointly issued by the Company and China Silver 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 their financial and manpower resources on the Group's core businesses of jewellery and metals, the Group decided to dispose of the business of the Nongmuren platform, the disposal was subsequently completed on 13 January 2025, it is expected to generate an estimated disposal gain attribute to the owners of the Company of approximately RMB40 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 RMB26.9 million from the discontinued operation for the year ended 31 December 2024 (2023: RMB14.0 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 were approximately 3,266.8 days (for the year ended 31 December 2023: 964.0 days). The increase in inventory turnover days was primarily due to the exclusion of sales of fresh food from the discontinued operation this year, which typically has a lower inventory turnover day compare with the gold and silver products.

The turnover days for trade receivables for the year ended 31 December 2024 were approximately 130.0 days (for the year ended 31 December 2023: 31.7 days). Fresh Food Retail segment typically has a lower turnover days of trade receivables than the New Jewellery Retail segment due to it 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 84.6 days (for the year ended 31 December 2023: 14.5 days). The Fresh Food Retail segment typically has a lower turnover days of trade payables than the New Jewellery Retail segment due to it business nature, thus the turnover day increased this year with the exclusion of the discontinued Fresh Food Retail segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Borrowings

As of 31 December 2024, the Group's bank borrowings balance amounted to approximately RMB89.0 million (as of 31 December 2023: RMB94.0 million), of which approximately RMB9.0 million of bank borrowings was carried at fixed interest rate and approximately RMB80.0 million was carried at floating interest rate (as of 31 December 2023: RMB14.0 million was carried at fixed interest rate and RMB80.0 million was carried at floating interest rate).The bank borrowings would be due for repayment within one year.

The Group's net gearing ratio was calculated on the basis of the bank borrowing 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 -26.4% (as of 31 December 2023: -24.4%).

Capital Expenditures

For the year ended 31 December 2024, the Group invested approximately RMB1.2 million in property, plant and equipment (2023: RMB1.4 million).

Pledge of Assets

As at 31 December 2024 and 2023, none of the Group's assets was pledged.

Capital Commitments

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

Contingent Liabilities

During the year, Jiangxi Jiyin Company Limited (江西吉銀實業有限公司) ("**Jiangxi Jiyin**"), a subsidiary of the Group, provided a corporate guarantee of RMB250.0 million to Jiangxi Longtianyong Nonferrous Metals Co., Ltd.*, (江西龍天勇有色金屬有限 公司) ("**Jiangxi Longtianyong**"), a fellow subsidiary of the Group and a subsidiary of China Silver Group Limited (stock code: 815) ("**China Silver Group**"), to obtain a bank borrowing. If Jiangxi Longtianyong fails to repay the bank borrowing based on the borrowing terms in the borrowing agreement, Jiangxi Jiyin will become liable to compensate such bank accordingly (for the year ended 31 December 2023: RMB250.0 million).

Employees

As of 31 December 2024, the Group employed 123 staff members (as of 31 December 2023: 149 staff members) and the total staff cost for the year ended 31 December 2024 amounted to approximately RMB14.3 million (2023: RMB17.5 million) for continuing operation. The decrease was mainly due to the continuing optimisation of scale of the New Jewellery Retail segment in 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The Group maintained a healthy liquidity position during the year. The Group was principally financed by internal resources and bank borrowings. The Group's principal financial instruments comprise bank balances and cash, trade and other receivables, trade and other payables as well as bank borrowings. As of 31 December 2024, the bank balances and cash, net current assets and total assets less current liabilities were approximately RMB429.3 million (as of 31 December 2023: RMB419.5 million), RMB1,267.9 million (as of 31 December 2023: RMB1,294.6 million) and RMB1,288.5 million (as of 31 December 2023: RMB1,330.8 million), respectively.

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 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 during 2024, nor was there any plan for other significant investment or acquisition of capital assets in the future.

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 board of directors of the Company proposes to change the English name of the Company from "CSMall Group Limited" to "Mount Everest Gold Group Company Limited", Further details of the reason and effect of the change of company name are set out in the announcements published on 20 January 2025 and the circular of the company dated 10 March 2025. The special resolution approving the change of name was passed by the shareholders of the Company on 27 March 2025. The Company has received the certificate of incorporation on change of name issued on 4 April 2025 from the Registrar of Companies in the Cayman Islands, and is in the process of carrying out all necessary filing and registration procedures with the Companies Registry in Hong Kong pursuant to Part 16 of the Companies Ordinance in relation to the Company's status as a non-Hong Kong company.

On 27 March 2025, the shareholders approved the Company's adoption of share option scheme.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHEN He (陳和), aged 40, is our Chairman, executive Director and chief executive officer. Mr. Chen was appointed as an executive Director of the Company in February 2017. Mr. Chen joined the Group as a co-deputy general manager of Shenzhen Guoyintongbao Company Limited (深圳國銀通寶有限公司) ("**Shenzhen Guoyintongbao**") in October 2013, and has been serving as a president of the Group since July 2015. Mr. Chen has been the driving force behind our development, growth and expansion and is primarily responsible for the overall management of our Group and for directing strategic developments and business plans of our Group. Mr. Chen is currently a director of several of our principal operating subsidiaries, namely Shenzhen Guoyintongbao, Shenzhen Guojintongbao Company Limited* (深圳國金通寶有限公司) ("**Shenzhen Guojintongbao**") Shenzhen Guojintongbao and Jingning Sheyin Culture Company Limited (景寧畲銀文化有限公司).

Prior to joining the Group, Mr. Chen served as the supervisor of the procurement department of Jiangxi Longtianyong from January 2006 to December 2010, and served as the manager of the procurement department of the same company from January 2011 to September 2013.

Mr. Chen graduated from Shandong University in Shandong Province, the PRC in January 2014 after completing a bachelor degree course in business administration through long distance learning. He has been a candidate of the executive master of business administration program at the Faculty of Management of Xiamen University, in Xiamen, the PRC, since October 2011 till present.

Mr. QIAN Pengcheng (錢鵬程), aged 41, was appointed as an executive Director of the Company in February 2017. He has also been the financial manager of the Group since he joined the Group in October 2013. Mr. Qian is responsible for managing the financial department of the Group. Prior to joining the Group, Mr. Qian worked as a financial clerk at Longtianyong, from January 2006 to December 2010, and served as the financial supervisor of Jiangxi Longtianyong from January 2011 to September 2013.

Mr. Qian graduated from Shandong University in Shandong Province, the PRC in January 2014 after completing a bachelor degree course in business administration through long distance learning. He has been a candidate of the executive master of business administration program at the Faculty of Management of Xiamen University, in Xiamen, the PRC, since October 2011 till present.

Ms. Huang Wen (黃雯), aged 37, joined the Group in April 2018 and is currently the director of human resources administration center of Shenzhen Guoyintongbao a wholly-owned subsidiary of the Company. Ms. Huang is responsible for managing the human resources and related administrative affairs of the Group. Prior to joining the Group, Ms. Huang had successively served as manager of human resources or recruitment at various companies in Shenzhen, the PRC between 2010 and 2018.

Ms. Huang obtained an associate's degree in logistics management from the China Central Radio and Television University (now known as the Open University of China) in July 2010, and a bachelor's degree in human resources management from the South China Normal University in June 2021.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Leung Fai (余亮暉), aged 48, was appointed as an independent non-executive Director of the Company in November 2021. Mr. Yu is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Yu is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia (not practicing) and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Trust Practitioner of the Hong Kong Trustees' Association. Mr. Yu obtained a bachelor's degree in commerce from University of Toronto, Canada in June 2000 and a bachelor's degree in law from University of London, the United Kingdom in August 2005. Mr. Yu has over 23 years of experience in the corporate services field. Mr. Yu is currently the managing partner of Fung, Yu & Co. CPA Limited, which he joined in 2001. He previously worked as an auditor at Deloitte Touche Tohmatsu.

Mr. Yu has been a joint company secretary of Beijing Media Corporation Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 1000) since 2010, the company secretary of Yuanda China Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2789) since 2012, and a joint company secretary and successively the company secretary of Sany Heavy Equipment International Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 631) since 2017. He has also been an independent non-executive director of Realord Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1196) since 2014, an independent non-executive director of Dowway Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8403) from October 2019 to October 2023, an independent non-executive director of The Sincere Company, Limited (a company listed on the Main Board of the Stock Exchange, stock code: 244) since June 2021, and an independent non-executive director of Timeless Resources Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8028) since March 2023.

Mr. HU Qilin, aged 54, was appointed as an independent non-executive Director of the Company in March 2018. Mr. Hu is primarily responsible for supervising and providing independent judgment and analysis to the Board. Mr. Hu has substantial experience in the area of internet finance, corporate management and operations. He served as the general manager of BaiduPay Science and Technology Co., Ltd., a subsidiary of Baidu, in Beijing, the PRC from August 2016 till January 2017. Mr. Hu served as a Venture Partner of Sequoia Capital Consulting (Beijing) Co., Ltd. from March 2017 to October 2018. Mr. Hu served as a Managing Director of HINA Investment (Beijing) Group, Ltd. from November 2018 to May 2020. Mr. Hu has served as a Venture Partner of Advantech Capital since January 2021.

In the period of September 2013 till October 2015, Mr. Hu served as a deputy general manager at TenPay, a subsidiary of Tencent, in Shenzhen of the PRC, and then from October 2015 till July 2016, he served as a chief operations officer at Ping An FinTech Ltd., a subsidiary of Ping An, in Shanghai of the PRC.

Mr. Hu obtained a bachelor degree in computer science from Nankai University in Tianjin, the PRC in July 1992, and a master degree in science from the University of Iowa in the United States in May 1996. In September 2016, Mr. Hu obtained an executive master of business administration degree at the Cheung Kong Graduate School of Business (長江商學院) in the PRC.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Zuhui (張祖輝), aged 52, was appointed as an independent non-executive Director of the Company in March 2018. Mr. Zhang is primarily responsible for supervising and providing independent judgment and analysis to the Board.

Mr. Zhang has served as a secretary general at Shenzhen City Gold and Jewellery Culture Research Association from August 2013 till present. During the period of January 2003 to December 2012, Mr. Zhang worked at China Golden Post. Mr. Zhang first served as a journalist, and then as a co-supervisor at the news editorial centre, and later as a supervisor at the Shenzhen news centre of China Golden Post.

In June 1995, Mr. Zhang graduated from Hubei University in Hubei Province, the PRC, with a college education in Chinese language and literature through long distance learning. In April 2010, Mr. Zhang obtained a Senior Gold Investment Analyst qualification from the Occupational Skills and Testing Authority of the Ministry of Human Resources and Social Security of the PRC.

SENIOR MANAGEMENT

Mr. Chan Hon To (陳瀚濤), aged 48, was appointed as the chief financial officer of the Group in May 2019. He is responsible for the overall financial management, tax, treasury, investor relations and corporate finance matters of the Group. He has over 20 years of experience in auditing, accounting, corporate finance, investor relations, funding raisings and company secretaryship. Prior to joining the Group, he held senior management positions as vice president-strategic investment, chief financial officer and group financial controller in several listed companies in Hong Kong. He has also gained extensive experience in auditing and initial public offering exercise during his service with Deloitte Touche Tohmatsu in Hong Kong and the United States of America from 2002 to 2009. He is a Fellow Member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to the shareholders of the Company;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

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 report, 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**"). Throughout 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.

Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chen He is currently both the chairman of the Board and chief executive officer of the Company. He has been leading the Group for many years since he joined the Group in 2013. He has been the driving force behind the Group's development, growth and expansion and is primarily responsible for the overall management of the Group and for directing strategic developments and business plans of the Group. In light of the above, all of the Directors consider Mr. Chen He to be the best candidate for both positions and that such arrangement is beneficial to and in the best interests of the Group and the shareholders of the Company as a whole.

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.

CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE AND STRATEGY

The Company is committed to developing a positive corporate culture. The Company's corporate culture is defined by the Board including its core value to act lawfully and responsibly, and promote relationships between the Company and its stakeholders. Besides the Company's purposes, values and strategy are also defined by the Board which enable transparency, adapt to the fast-changing environment and minimizes corporate bureaucracy.

The Board from time to time monitors and evaluates the Company's culture and strategy, through reviewing whether the Company's decisions making are consistent with the Company's culture and strategy. The board has made effort to foster staff and stakeholders engagements; reviewing staff turnover and training; financial reporting functions; effective and accessible whistleblowing framework; legal and regulatory compliance and staff safety, wellbeing and support.

The Company believes that its culture is critical to the successful execution of its strategies, and well aligned with such strategies.

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.

BOARD OF DIRECTORS

(i) Board Composition

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Board comprised three executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Chen He *(Chairman and Chief Executive Officer)*
Ms. Huang Wen (黃雯) (Appointed on 25 November 2024)
Mr. Qian Pengcheng

Independent Non-executive Directors

Mr. Hu Qilin
Mr. Yu Leung Fai
Mr. Zhang Zuhui

In compliance with Rule 3.09D of the Listing Rules, Ms. Huang Wen received training and legal advice on 22 November 2024, prior to her appointments taking effect. Ms. Huang confirmed that she has understood her obligation as a director of the Company.

To the best knowledge of the Company, there is no financial, business or family relationship among the members of the Board.

The executive Directors, with assistance from the senior management, form the core management team of the Company. The executive Directors have the overall responsibility of formulating the business strategies and development plan of the Group and the senior management are responsible for supervising and executing the plans of the Company and its subsidiaries.

(ii) Board Functions and Duties

The principal functions and duties conferred to the Board include:

- convening general meetings and reporting the Board's work at general meetings;
- implementing resolutions passed by the shareholders of the Company in general meetings;
- deciding on business plans and investment plans;
- preparing annual financial budgets and final reports;
- formulating proposals for profit distributions, recovery of losses and for increases or reductions in the registered capital; and
- exercising other powers, functions and duties conferred by shareholders of the Company in general meetings.

(iii) Management Functions and Duties

The management is responsible for implementing the strategies and plans adopted by the Board. Executive Directors and management personnel meet regularly to review the performance of the business of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance within the Group and is committed to ensuring that an effective corporate governance is put in place and continuously reviewing and improving the corporate governance practices within the Group.

(iv) Board Meetings

During the year ended 31 December 2024, there were six board meetings held, at which the Directors approved, among other things, the annual results of the Group for the year ended 31 December 2023 and the interim results of the Group for the six months ended 30 June 2024.

Prior notices convening the board meeting were despatched to the Directors before the board meetings setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved to enable the Directors to make informed decisions.

(v) Attendance Record

The following is the attendance record of the Directors at board meetings and the general meetings of the Company during the year ended 31 December 2024:

	Attendance at meetings	
	Board meetings	Annual general meeting
Executive Directors		
Mr. Chen He *(Chairman)*	6/6	1/1
Ms. Huang Wen (黃雯) (Appointed on 25 November 2024)	0/0	0/0
Mr. Qian Pengcheng	6/6	1/1
Independent Non-executive Directors		
Mr. Hu Qilin	6/6	1/1
Mr. Yu Leung Fai	6/6	1/1
Mr. Zhang Zuhui	6/6	1/1

(vi) Independent Non-executive Directors

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experiences and qualifications to carry out their duties so as to protect the interests of the shareholders of the Company. Among the three independent non-executive Directors, one of them has appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has also received a written annual confirmation from each of the independent non-executive Directors in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers that all independent non-executive Directors are independent with reference to the guidelines stated in the Listing Rules.

CORPORATE GOVERNANCE REPORT

(vii) Appointment and Re-election of Directors

Both Mr Chen He and Mr Qian Pengcheng, executive Directors have entered into a service agreement with the Company for an initial term of three years commencing from 13 March 2018. The term has been renewed for a period of three years commencing from 13 March 2021, and has been renewed for a further period of three years commencing from 12 March 2024, which is terminable by not less than three months' notice in writing served by either party on the other. Ms. Huang Wen has entered into a service agreement with the Company for an initial term of three years commencing from 25 November 2024 which is terminable by not less than three months' notice in writing served by either party on the other.

Both Mr. Hu Qilin and Mr. Zhang Zuhui, independent non-executive Directors have signed a letter of appointment with the Company for an initial term of three years commencing from 13 March 2018. The term has been renewed for a period of one year commencing from 13 March 2021, and has been renewed for a further period of three years commencing from 12 March 2022, which is terminable by not less than three months' notice in writing served by either party on the other. Mr. Yu Leung Fai has signed a letter of appointment with the Company for an initial term of three years commencing from 19 November 2021, and has been renewed for a further period of three years commencing from 19 November 2024 which is terminable by not less than three months' notice in writing served by either party on the other.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the memorandum and articles of association of the Company (the "**Articles of Association**") and code provision B.2.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years, and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting of the Company after appointment and any new Director appointed as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles of Association. The nomination committee of the Company (the "**Nomination Committee**") is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

(viii) Directors' Remuneration

The remuneration committee of the Company (the "**Remuneration Committee**") makes recommendations to the Board on the remuneration packages of the Directors and senior management personnel. It is the Company's policy that the remuneration package of each Director and senior management shall be determined by taking reference to, inter alia, their duties, responsibilities, experiences and qualifications.

(ix) Board Diversity

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

Pursuant to the Board Diversity Policy, the composition, structure and size of the Board are reviewed at least annually by the Nomination Committee to ensure that it has a balance of appropriate skills, experience and diversity of perspectives to meet the needs of the business of the Group. In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to professional qualifications, regional and industry experience, cultural and educational background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service. By adopting such criteria, it facilitates the Company to develop a pipeline of candidates to the Board to achieve gender diversity.

CORPORATE GOVERNANCE REPORT

For the purpose of implementation of the Board Diversity Policy, the Board adopted the measurable objective that at least one member of the Board shall be female.

The Board is committed to improving the diversity of the Board and has achieved the above objective in 2024. The Company will review the gender diversity of the Board from time to time in accordance with the business development of the Group.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Members of the Board have a diverse range of business, financial and professional expertise. Brief biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

(x) Director Nomination

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will also review at least annually the structure, size and composition (including skills, knowledge and experience) of the Board and diversity of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to complement the Company's corporate strategy.

CORPORATE GOVERNANCE REPORT

(xi) Directors' Continuous Training and Development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are committed to complying with code provision C.1.4 under the CG Code on Directors' training. All Directors have participated in continuous professional development and provided a record of training they received during the year ended 31 December 2024 to the Company.

(xii) Board Independence Evaluation

The Company has established a board independence evaluation mechanism (the "**Board Independence Evaluation Mechanism**") which sets out the processes and procedures to ensure a strong independent element on the Board.

The Board Independence Evaluation Mechanism covers the following aspects:

(a) Independent non-executive director's recruitment criteria

(b) Number of independent non-executive directors

(c) Assessing the independence of an independent non-executive director

(d) Assessment or evaluation of independent non-executive directors' time commitment and contribution

(e) Other channels where independent views are available

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

(xiii) Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this report:

Unit: % (person)

	Female	Male
Board	16% (1)	84% (5)
Senior management	0% (0)	100% (1)
Other employees	74% (88)	26% (31)
Overall workforce	71% (89)	29% (37)

The Board is committed to improving gender diversity among the senior management as and when suitable candidates are identified for the appointment of senior management.

The Company is committed to promoting gender diversity not only within the Board and senior management but among its workforce generally. As at the date of this report, the number of female employees and director of the Group accounted for approximately 71% of the total workforce. The Board is of the view that the Group has achieved gender diversity among the workforce.

The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management and director) more challenging or less relevant.

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. The Audit Committee comprises all three independent non-executive Directors, namely, Mr. Yu Leung Fai (Chairman), Mr. Hu Qilin and Mr. Zhang Zuhui. The primary responsibilities of the Audit Committee are to review and supervise financial reporting processes and risk management and internal control systems of the Group.

During the year ended 31 December 2024, the Audit Committee held three meetings. The members of Audit Committee reviewed and discussed with the external auditor of the Company the Group's audited consolidated financial statements for the year ended 31 December 2023 and unaudited condensed consolidated financial statements for the six months ended 30 June 2024. They were 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. They also reviewed significant issues on the financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor and engagement of non-audit services and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditor of the Group may request a meeting of the Audit Committee to be convened if they consider that is necessary.

The main duties of the Audit Committee are as follows:

- To consider the appointment of the external auditor, the audit fee, and any question of resignation or dismissal.

CORPORATE GOVERNANCE REPORT

- To discuss with the external auditor the nature and scope of the audit.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard.
- To discuss with the management the systems of internal control and risk management and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.
- To review the internal audit programme, ensure co-ordination between the internal and external auditor, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.
- To review the Group's interim and annual financial statements before submission to the Board.
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditor may wish to discuss.
- To review the external auditor's management letter and the management's response.
- To review the Group's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review risk management and internal control systems.
- To consider the major findings of any internal investigations on risk management and internal control matters as delegated by the Board or its own initiative and the management's response to these findings.
- To consider other topics, as defined by the Board.

The following is the attendance record of the committee meetings held by the Audit Committee.

	Attendance at meetings
Mr. Yu Leung Fai *(Chairman)*	3/3
Mr. Hu Qilin	3/3
Mr. Zhang Zuhui	3/3

During the year ended 31 December 2024, the Audit Committee and senior management also met the external auditor three times.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

Moore Stephens CPA Limited resigned as auditor of the Company and the Company has appointed Linksfield CPA Limited as the auditor of the Company, both with effect from 19 January 2023.

For the year ended 31 December 2024, the total fees paid/payable in respect of audit services to the external auditor of the Company, Linksfield CPA Limited, and non-audit services to the external auditors of the Company, were set out below:

Service category	**Fees paid/ payable** *RMB*
Audit services	**1,062,000**
Non-audit services	
– Interim results review	**231,000**
- Others (including continuing connected transactions and announcements)	**23,100**

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at general meetings of the Company by the shareholders.

DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare accounts of the Group and other financial disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make informed assessments of the financial and other decisions.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 61 to 66.

RISK MANAGEMENT AND INTERNAL CONTROL

In view of the implementation of the Consultation Conclusions on Risk Management and Internal Control relating to code provision D.2.1 of the CG Code issued by the Stock Exchange, the Board has already reviewed the effectiveness of its risk management framework and processes and internal control systems, and has implemented relevant measures resulting from this exercise that aim to enhance its framework and processes to comply with the requirements of the CG Code.

The Group established the Risk Management Taskforce ("**RMTF**") to assist the Board and the Audit Committee in overseeing the Group's risk management and internal control systems on an ongoing basis. The RMTF is responsible for leading and coordinating risk assessment activities including risk identification, risk assessment, actions taken to monitor and mitigate risks and risk reporting at least once a year. The risk inventory of the Group is developed and will be updated based on the results of the risk assessment. The risk assessment report is prepared based on the results of the risk assessment and the progress of risk management processes. The risk assessment report is submitted to the Audit Committee for review and approved by the Board.

The Board is ultimately responsible for determining and evaluating the risks it is willing to take in achieving its objectives, and ensuring it establishes and maintains effective risk management and internal control systems for the Group. The Group maintains risk management and internal control systems that are designed to provide reasonable but not absolute assurance against material misstatement or loss in the achievement of its objectives. The Board also has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The main features of these systems include a clear governance structure, defined roles and responsibilities, reporting procedures and clear risk management and internal control procedures, ascertaining its staff to achieve the Group's strategic objectives by implementing effective risk management and internal control systems and fulfilling the respective compliance requirements.

The Group also established an internal audit department (the "**Internal Audit Department**") to provide the Board and the management with useful information and recommendations on the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department is authorised by the Board to have access to all records, people and physical properties relevant to the performance of internal audit. The head of Internal Audit Department has unrestricted access to the chairman of the Audit Committee and reports directly to the Audit Committee for direction and accountability. During the year, the Internal Audit Department has performed independent review of the adequacy and effectiveness of the design and implementation of the risk management and internal control systems and make appropriate recommendations for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

The management of the Group is committed to taking appropriate remedial actions promptly in respect of the internal control deficiencies and ensure the Group maintains an adequate and effective risk management and internal control systems.

The Board conducts an annual review on the effectiveness of risk management and internal control systems, covering but not limited to:

- Review the changes in the nature and extent of significant risks (including environmental, social and governance risks) since last year's review, and the Group's ability to respond to changes in its business and the external environment;

- Review the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;

- Review the extent and frequency of communication of monitoring results to the Board and the Audit Committee, and effectiveness of the risk management, financial reporting and Listing Rules compliance;

- Address any significant control failings or weakness that have been identified during the review and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and

- Review on the accounting, financial reporting and internal audit function, including the adequacy of resources, staff qualifications and experience, the quality of training programmes, and budget.

The risk management and internal controls systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

During the year ended 31 December 2024, the Audit Committee carried out a review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions and discussed with the Internal Audit Department on the effectiveness and adequacy of the Company's system and procedures. The Board and the Audit Committee considered that the risk management and internal control systems of the Group were adequate and effective for the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

PRINCIPAL RISKS

The Company faces different principal risks and uncertainties set out below that may impose adverse impact to the Company's performance, operation and execution of its strategies. The Company is committed to mitigate and assess its risk management to ensure well risk management and governance.

Risk	Impact	Mitigations
Strategic Risk	Adverse impacts on the Company's business performance, development, operations and/or ability to deliver its strategic goals, caused by changes in environments of the business, economic, regulatory or political which the Company operates	The Company has proactively monitored the trends of industries, competitors and climate changes; and take respective strategic plans and timely resources allocation
Legal & Compliance Risk	The Company's business and operations may be affected by unexpected or uncertain application of a law or regulation which may incur penalties, operation costs	The Company has engaged legal advisers in different jurisdiction for providing legal advisers and suggest any prompt actions on any regulatory updates
Third Party Risk	Business operations of the Company may be impacted by any actions or failures from third parties in delivering services to the Company	The Company established monitoring programme on the business agreements to enhance monitoring and control in alignment with international standards
Operational Risk	The risk of financial loss, reputational damage or inability to provide services and products to customers resulting from inadequate or failed processes	The Company proactively review the internal control on the operation and the impacts on the staff, process and technology

WHISTLEBLOWING POLICY

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

The Company has in place the Anti-Corruption and Anti-Bribery Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company and stakeholders to report any suspected corruption and bribery.

NOMINATION COMMITTEE

The Board established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee comprises Mr. Chen He (Chairman), Mr. Yu Leung Fai and Mr. Zhang Zuhui, 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 and the Board Diversity Policy and Director Nomination Policy at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategies.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Board Diversity Policy, including but not limited to professional qualifications, regional and industry experience, cultural and educational background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the independent non-executive Directors) are sought. The selection criteria of the qualified candidates are mainly based on assessments of their qualifications, experiences and expertise as set out in the Director Nomination Policy as well as the requirements under the Listing Rules. The Nomination Committee selects and recommends candidates for directorship with regards to balancing skills and experiences appropriate to the Group's businesses.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, the Nomination Committee held two meetings. The members of Nomination Committee reviewed and discussed the current structure, size and composition of the Board and the independence of the independent non-executive Directors, considered the qualifications of the retiring Directors standing for election at the annual general meeting and reviewed the Board Diversity Policy and Director Nomination Policy. The Nomination Committee has recommended the Board to adopt an measurable objective as disclosed in the session headed "Board Diversity" in this Corporate Governance Report for implementing the Board Diversity Policy.

The following is the attendance record of the committee meeting held by the Nomination Committee.

	Attendance at meeting
Mr. Chen He *(Chairman)*	**2/2**
Mr. Yu Leung Fai	**2/2**
Mr. Zhang Zuhui	**2/2**

REMUNERATION COMMITTEE

The Board established the Remuneration Committee with written terms of reference in compliance with the 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. The Remuneration Committee comprises Mr. Zhang Zuhui (Chairman), Mr. Hu Qilin and Mr. Yu Leung Fai in which all three 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. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to the share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, the Remuneration Committee held two meetings. The members of Remuneration Committee reviewed and made recommendations to the Board on the remuneration policy and the remuneration packages of the Directors and senior management of the Company. No material matters relating to share schemes were reviewed and/or approved by the Remuneration Committee during the financial year.

The following is the attendance record of the committee meeting held by the Remuneration Committee.

	Attendance at meeting
Mr. Zhang Zuhui *(Chairman)*	**2/2**
Mr. Hu Qilin	**2/2**
Mr. Yu Leung Fai	**2/2**

CORPORATE GOVERNANCE REPORT

EMOLUMENT POLICIES

The emolument policies of the Group are formulated on performance of individual employees and on the basis of salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the profitability of the Group, the Group may also distribute discretionary bonuses to its employees as incentives for their contributions to the Group.

Details of the remuneration of the senior management by band are set out below:

	2024 Number of individuals	2023 Number of individuals
Not exceeding HK$1,000,000	**1**	1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

During the year ended 31 December 2024, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and similar written guidelines for employees, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

MEETING WITH INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2024, the Chairman of the Board held one meeting with the independent non-executive Directors without the presence of the other Directors to review and discuss, among other things, the independence of the independent non-executive Directors and confirmed that the independent non-executive Directors can express their views at the Board meetings without restrictions.

COMPANY SECRETARY

Ms. Chan Sau Ling from Tricor Services Limited, being an external service provider, has acted as the company secretary of the Company during the period from 1 January 2024 to 31 March 2024. On 1 April 2024, Mr. Yip Chun Ming, Alex replaced Ms. Chan Sau Ling as the company secretary of the Company.

During the year ended 31 December 2024, Mr. Yip Chun Ming Alex undertook not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a Shareholders' Communication Policy. The policy aims at to set out the principles of the Company with the objective of ensuring equal, timely, effective, transparent, accurate and open communications with the shareholders of the Company.

Information is communicated to the shareholders mainly through the Company's interim reports, annual reports, annual general meetings and other general meetings that may be convened, as well as by making available the disclosures submitted to the Stock Exchange for publication and corporate communications and other corporate publications on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.csmall.com.

The Company has established the following channels for maintaining an on-going dialogue with its shareholders to communicate their views on various matters affecting the Company, as well as to solicit and understand the views of shareholders and stakeholders:

1. Methods for shareholders to send enquiries to the Company and the Company's share registrar regarding the Company and their shareholdings, respectively

2. Corporate communication (e.g. annual report, interim report, circular, proxy form, etc.)

    - interim and annual results are announced as early as possible, to keep shareholders informed of the Group's performances and operations

3. Corporate website

    - updated key information of the Group is available on the Company's website to enable shareholders and investors to have timely access to information about the Group

4. Shareholders' general meetings

    - a forum for shareholders to raise comments and exchange views with the Board

    - the chairman and the Directors are available at the general meetings of the Company to address shareholders' queries

    - separate resolutions are proposed at the general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in the circulars to the shareholders to facilitate enforcement of shareholders' rights

The Company recognizes the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

CORPORATE GOVERNANCE REPORT

ARRANGEMENT OF ELECTRONIC DISSEMINATION OF CORPORATE COMMUNICATIONS

Pursuant to Rule 2.07 of Listing Rules under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted electronic dissemination of corporate communications (the "**Corporate Communications**"), which mean any documents issued or to be issued by the Company including but not limited to (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular and (f) a proxy form.

Both the English and Chinese versions of all future Corporate Communications will be available electronically on the website of the Company at www.csmall.com and the HKExnews website at www.hkexnews.hk in place of printed copies.

THE WAY BY WHICH SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING

The Directors, notwithstanding anything in the Articles of Association, shall, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company having the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited to the Board or the company secretary at the Company's principal place of business in Hong Kong at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168– 200 Connaught Road Central, Sheung Wan, Hong Kong and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the Board will call an extraordinary general meeting for the transaction of any business specified in such requisition.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of two months from the said date.

THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

The enquiries must be in writing with contact information of the requisitionists for the attention of the Directors or management of the Company, by mail to the Company's principal place of business in Hong Kong at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

THE PROCEDURES FOR MAKING PROPOSALS AT SHAREHOLDERS' MEETINGS

After the publication of the notice of a general meeting by the Company, according to Article 113 of the Articles of Association, if a shareholder of the Company wishes to propose a person (the "**Candidate**") for election as a Director at a general meeting, he/she shall deposit a written notice (the "**Notice**") at the Company's principal place of business in Hong Kong at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong or at the office of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The Notice (a) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (b) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal information. The period for lodgement of the Notice shall commence on the day after the despatch of the notice of general meeting and end no later than seven days prior to the date of such general meeting. In order to allow the Company's shareholders to have sufficient time to consider the proposal of election of the Candidate as a Director, shareholders who wish to make the proposal are urged to submit and lodge the Notice as early as practicable before the relevant general meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board for a financial year or period and any final dividend for a financial year will be subject to the shareholders' approval. Such details have been disclosed in the annual reports of the Company.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, the Company has not made any change to its memorandum and articles of association. An up to date version of the Articles of Association is available on the Company's website and the Stock Exchange's website.

On behalf of the Board
Chen He
Chairman

Hong Kong, 27 March 2025

REPORT OF THE DIRECTORS

The Directors are pleased to report the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of our Company is investment holding and the Group are principally engaged in the design and sales of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC ("**New Jewellery Retail**").

The operation of Fresh Food Retail segment being integrated online-and-offline sales of fresh food in the RPC, and provide related electronic platforms and branding and SaaS services along the agricultural supply chain in the PRC (the "**Fresh Food Retail segment**") was discontinued during the year ended 31 December 2024.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion on the Group's future business development and an analysis of the Group's performance during the year ended 31 December 2024 using financial key performance indicators are provided in the sections headed "Chairman's Statement" on pages 8 to 16 and "Management Discussion and Analysis" on pages 17 to 22 of this annual report which form part of this report.

(i) Principal risks and uncertainties

The Board is ultimately responsible for ensuring that the risk management practices of the Group are sufficient to mitigate the risks present in its businesses and operations as efficiently and effectively as possible. The Board delegates some of this responsibility to various operational departments.

The Group's principal business activity is the New Jewellery Retail business. It will be exposed to a variety of key risks including credit risk, interest risk, liquidity risk, operational risk, regulatory and market risk. There may be other risks and uncertainties which are not known to the Group or which may not be material.

(ii) Environmental policies and performance

The Group recognizes the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. Management has formulated an environment management policy for the Group based on applicable environmental laws, regulations and standards. The environmental protection and work safety department is responsible for designing and reviewing the internal control measures to ensure compliance with applicable environmental laws and regulations.

(iii) Compliance with laws and regulations

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Company is aware, during the year ended 31 December 2024, there was no material breach of or non-compliance with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

(iv) Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers and shareholders.

(a) Employees

Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

(b) Customers

The Group's principal customers are retail and corporate customers of New Jewellery Retail business. The Group has the mission to provide excellent services and products whilst maintain our long-term profitability, business and asset growth. Various means have been established to strength the communication between the customers and the Group in the provision of excellent services and products.

(c) Suppliers

Sound relationships with key suppliers of the Group are important in supply chain which can derive cost effectiveness and foster long-term business benefits. The key suppliers comprise suppliers and business partners of New Jewellery Retail business.

(d) Shareholders

One of the Group's corporate goals is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

REPORT OF THE DIRECTORS

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 67 of this report.

The Board has resolved not to recommend payment of a final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil). No interim dividend has been declared for the year ended 31 December 2024.

FIVE YEARS' FINANCIAL SUMMARY

A financial summary of the Group for the last five years is set out on page 150 of this report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the Group's sales to its five largest customers and its customer accounted for approximately 16.5% (2023: 62.1%) and approximately 4.1% (2023: 50.8%) of the Group's total sales respectively.

For the year ended 31 December 2024, the Group's five largest suppliers and the largest supplier accounted for approximately 78.3% (2023: 89.5%) and approximately 64.5% (2023: 66.5%) of the Group's total purchases respectively.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 30 to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESERVES

Movements in reserves of the Group during the year ended 31 December 2024 are set out on page 71 of this report.

As of 31 December 2024, the reserves of our Company available for distribution to its shareholders amounted to RMB977,826,000 (2023: RMB984,968,000).

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of the Articles of Association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends shall be distributed out of the retained profits or other reserve, representing the share premium account of the Company.

BORROWINGS

Details of borrowings of the Group as of 31 December 2024 are set out in Note 29 to the consolidated financial statements.

DIRECTORS

The Directors for the year ended 31 December 2024 and up to the date of this report are:

Executive Directors:

Mr. Chen He *(Chairman and Chief Executive Officer)*
Ms. Huang Wen *(Appointed on 25 November 2024)*
Mr. Qian Pengcheng

Independent Non-Executive Directors:

Mr. Hu Qilin
Mr. Yu Leung Fai
Mr. Zhang Zuhui

BOARD OF DIRECTORS

Biographical details of the Directors are set out on pages 23 to 25 of this report.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company, based on such confirmations, considers such Directors to be independent for the year ended 31 December 2024.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Both Mr. Chen He and Mr. Qian Pengcheng, executive Directors have entered into a service agreement with the Company for an initial term of three years commencing from 13 March 2018; the term has been renewed for a period of three years commencing from 13 March 2021 and has been renewed for a further period of three years commencing from 12 March 2024. Ms. Huang Wen has entered into a service agreement with the Company for an initial term of three years commencing from 25 November 2024. Both Mr. Hu Qilin and Mr. Zhang Zuhui, independent non-executive Directors, have signed a letter of appointment with the Company for an initial term of three years commencing from 13 March 2018; the term has been renewed for a period of one year commencing from 13 March 2021 and has been renewed for a further period of three years commencing from 12 March 2022. Mr. Yu Leung Fai, independent non-executive Director, has signed a letter of appointment with the Company for an initial term of three years commencing from 19 November 2021 and has been renewed for a further period of three years commencing from 19 November 2024. None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this report, no Director or entity connected with a Director had a material interest in, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its holdings companies, subsidiaries or fellow subsidiaries was a party and which subsisted at the end of or at any time during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

The Company has adopted two employee share schemes as incentives to eligible employees. All shares under the share schemes have been granted and fully vested. No additional shares may be issued under the employee share schemes.

REPORT OF THE DIRECTORS

The Company adopted a pre-IPO employee share scheme on 6 June 2016 which was subsequently reconstituted on 16 February 2017 (the "**Pre-IPO Employee Share Scheme**"). Participants of the Pre-IPO Employee Share Scheme are employees of the Group. The purpose of the Pre-IPO Employee Share Scheme was to further align the interests of the employee participants with those of the Group and incentivize the employee participants. Pursuant to the Pre-IPO Employee Share Scheme, Mr. Lin Ting, an employee of the Group, acts as the trustee and holds 166,025,000 Shares on trust for the benefit of himself and other 57 scheme participants. Grant was made one-off upon adoption of the Pre-IPO Employee Share Scheme, and no further grants would be made under the scheme. Awarded shares were fully vested once issued. The maximum entitlement of each participant under the Pre-IPO Employee Share Scheme varies. There is no definite expiry date to the Pre-IPO Employee Share Scheme.

The Company further adopted a post-IPO employee share scheme on 6 May 2019 (the "**Post-IPO Employee Share Scheme**"). Participants of the Post-IPO Employee Share Scheme are employees of the Group. The purpose of the Post-IPO Share Scheme was to further align the interests of the employee participants with those of the Group and incentivize the employee participants. Pursuant to the Post-IPO employee share scheme, Ms. Xue Meiqi, an employee of the Group, acts as the trustee and holds 73,428,040 Shares on trust for the benefit of 40 scheme participants. Grant was made one-off upon adoption of the Post-IPO Employee Share Scheme, and no further grants would be made under the scheme. Awarded shares were fully vested once issued. The maximum entitlement of each participant under the Post-IPO Employee Share Scheme varies. There is no definite expiry date to the Post-IPO Employee Share Scheme.

REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, chief executives and five highest paid individuals are set out in Note 14 to the consolidated financial statements.

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

As at 31 December 2024, the interests and short positions of the Directors and the chief executives 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 SFO (i) which were required to be notified to the Company and 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 were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares[1]	Approximate percentage of interest in our Company
Mr. Chen He[2]	Interest in a controlled corporation	21,250,000	1.72%
Mr. Qian Pengcheng[3]	Interest in a controlled corporation	14,500,000	1.17%

Notes:

(1) All interests are long positions.

(2) Silver Apex Holdings Limited is directly wholly owned by Mr. Chen He. Accordingly, Mr. Chen He is deemed to be interested in the 21,250,000 Shares held by Silver Apex Holdings Limited by virtue of the SFO.

(3) Treasure Delight International Limited is directly wholly owned by Mr. Qian Pengcheng. Accordingly, Mr. Qian Pengcheng is deemed to be interested in the 14,500,000 Shares held by Treasure Delight International Limited by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors and the chief executives 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the year ended 31 December 2024 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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 31 December 2024, in addition to the interests disclosed under the paragraph headed "Directors' and Chief Executives' 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.

Name of Shareholder	Capacity/Nature of interest	Number of Shares[1]	Approximate percentage of interest in our Company
China Silver Group	Beneficial owner	500,000,033	40.39%
Mr. Yao Runxiong (姚潤雄)	Beneficial owner	100,000,000	8.08%

Notes:

(1) All interests are long positions.

REPORT OF THE DIRECTORS

Except as disclosed above, as at 31 December 2024, 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.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF OUR COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any treasury shares) during the year ended 31 December 2024. The Company did not hold any treasury shares at 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders.

NON-COMPETITION UNDERTAKING

To safeguard our Group from any potential competition with China Silver Group ("**our Controlling Shareholder**") and its close associates, on 13 February 2018, our Controlling Shareholder has executed a Deed of Non-Competition in favour of our Company, pursuant to which our Controlling Shareholder has undertaken to us that it will not, and that it will procure that its subsidiaries and parties controlled by it either solely or jointly with any other party (the "**Affiliates**") will not, solely or jointly or in cooperation with other parties, without our prior written consent, hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company or other business entity which is engaged or involved in, directly or indirectly, any activity or business which competes or is likely to compete, directly or indirectly, with the existing businesses of any member of our Group after the Listing (the "**Restricted Business**").

The non-competition undertaking does not apply to the holding of securities in a company that is engaged in the Restricted Business, provided that our Controlling Shareholder or its close associates does not individually and in aggregate hold or control the voting rights in respect of 10% or more of the issued share capital of such company.

Pursuant to the Deed of Non-Competition, our Controlling Shareholder has also undertaken that if it or any of its Affiliates become aware of any business opportunity relating to any Restricted Business (the "**Business Opportunity**"), it will notify us of such Business Opportunity as soon as they become aware of the same, and will use commercially reasonable efforts to assist our Group in pursuing such Business Opportunity. To the extent that the Business Opportunity is being made available by a third party to any of our Controlling Shareholder or its Affiliates, our Controlling Shareholder will use commercially reasonable efforts to procure that such Business Opportunity is first offered to our Group as soon as practicable on terms and conditions which are no less favourable than those offered to it or its Affiliates. Our Company will seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline such Business Opportunity. Our Controlling Shareholder will ensure that it or its Affiliates will be entitled to pursue the Business Opportunity only if: (i) it has received a notice from us declining such Business Opportunity and confirming that such Business Opportunity would not constitute competition with our core business; or (ii) it has not received any notice from us within a period of 10 Business Days (the "**Offer Notice Period**") of us being notified by it of such Business Opportunity. The Offer Notice Period shall be extended to not more than 30 Business Days at the request of our independent non-executive Directors who do not have a material interest in the matter.

The undertakings given by our Controlling Shareholder under the Deed of Non-Competition are effective from 13 March 2018 and terminate on the earlier of: (i) the date on which our Controlling Shareholder cease to be our controlling shareholder as defined in the Listing Rules; (ii) the date on which the Shares cease to be listed on the Stock Exchange; and (iii) the date on which our Group ceases to engage in the Restricted Businesses.

Our independent non-executive Directors will consider on an annual basis whether our Controlling Shareholder has complied with the terms set forth in the Deed of Non-Competition. Our independent non-executive Directors may appoint independent advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-Competition at the cost of our Company. We will disclose in our annual report decisions or determinations, with basis, in relation to matters reviewed by the independent non-executive Directors regarding: (i) the Business Opportunities offered by any of our Controlling Shareholder to us; and (ii) whether any activity or business or proposed activity or business of any of our Controlling Shareholder or its Affiliates competes or is likely to compete, either directly or indirectly, with the Restricted Business.

To ensure our independent non-executive Directors being able to monitor the compliance with the Deed of Non-Competition, our Controlling Shareholder has undertaken in the Deed of Non-Competition to provide and to procure the provision to us all information necessary for the enforcement of the undertakings contained therein. Our Controlling Shareholder has further undertaken to make a statement in our annual report confirming its compliance with the terms of the Deed of Non-Competition.

Our Controlling Shareholder has provided a written confirmation to the Company confirming that it has complied with the terms of the Deed of Non-Competition for the year ended 31 December 2024. The independent non-executive Directors have also reviewed the status of compliance by our Controlling Shareholder and confirmed that, as far as they can ascertain, our Controlling Shareholder has complied with the terms of the Deed of Non-Competition.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, as of 31 December 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTIONS

Details of the related party transactions during the year ended 31 December 2024 (the "**FY2024 Related Party Transactions**") are set out in Note 36 to the consolidated financial statements. All of the FY2024 Related Party Transactions were connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules, in respect of which the Company had complied with the applicable requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2024. Except for the Non-fully Exempted Continuing Connected Transactions described below, all other FY2024 Related Party Transactions were fully exempt from the requirements under Chapter 14A of the Listing Rules pursuant to the de minimis threshold of HK$3 million under Rule 14A.76(1)(c) of the Listing Rules.

As disclosed in the prospectus of the Company dated 28 February 2018 (the "**Prospectus**"), the Group has entered into certain continuing connected transactions with connected persons (as defined under the Listing Rules) which were not fully-exempted from reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules (the "**Non-fully Exempted Continuing Connected Transactions**"). Details of which are set out below.

REPORT OF THE DIRECTORS

We have, through our wholly owned subsidiaries, Shenzhen Guoyintongbao and Jiangxi Jiyin Company Limited (江西吉銀實業有限公司) ("**Jiangxi Jiyin**"), entered into a framework purchase agreement with Jiangxi Longtianyong on 19 February 2018 in relation to the Group's sourcing of silver ingots and related raw materials from Longtianyong for the period from 13 March 2018 to 31 December 2020. On 16 November 2020, Jiangxi Jiyin and Jiangxi Longtianyong entered into a framework purchase agreement in relation to the Group's sourcing of silver ingots from Jiangxi Longtianyong for the period from 1 January 2021 to 31 December 2023 (the "**2021-2023 Framework Purchase Agreement**"). The terms and annual caps for the three years ended 31 December 2021, 2022 and 2023 of the 2021-2023 Framework Purchase Agreement were approved by the independent shareholders at the extraordinary general meeting of the Company held on 28 December 2020. Details of the 2021-2023 Framework Purchase Agreement and the transactions are set out in the Company's announcement and circular dated 16 November 2020 and 10 December 2020 respectively.

On 3 November 2023, Jiangxi Jiyin and Jiangxi Longtianyong entered into a framework purchase agreement in relation to the Group's sourcing of silver ingots from Longtianyong for the period from 1 January 2024 to 31 December 2026 (the "**2024-2026 Framework Purchase Agreement**"). The terms and annual caps for the three years ending 31 December 2024, 2025 and 2026 of the 2024-2026 Framework Purchase Agreement were approved by the independent shareholders at the extraordinary general meeting of the Company held on 13 December 2023. Details of the 2024-2026 Framework Purchase Agreement and the transactions are set out in the Company's announcement and circular dated 3 November 2023 and 23 November 2023 respectively. The annual cap for the year ended 31 December 2024 under the 2024-2026 Framework Purchase Agreement was RMB150.0 million and the total amount of purchase under the 2024-2026 Framework Purchase Agreement during the year ended 31 December 2024 was approximately RMB1.2 million.

Jiangxi Longtianyong (referred to in full as "江西龍天勇有色金屬有限公司" in Note 36 to the consolidated financial statements) is a wholly-owned subsidiary of China Silver Group, the immediate and ultimate holding company of the Company. China Silver Group is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Longtianyong is an associate of China Silver Group under Rule 14A.13(1) of the Listing Rules, and hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

The Non-fully Exempted Continuing Connected Transactions mentioned above have been reviewed by the Independent Non-executive Directors who have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms;

(c) according to the relevant agreement governing the respective transactions on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) within the cap as set out in the circular dated 23 November 2023 of the Company for the year ended 31 December 2024.

The Company's auditor was engaged to report on the Group's Non-fully Exempted Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the Non-fully Exempted Continuing Connected Transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

On 15 August 2024, Jiangxi Jiyin, a wholly-owned subsidiary of CSMall and a non-wholly-owned subsidiary of China Silver, as Purchaser, and Jiangxi Huiying Trading Company Limited* (江西輝穎貿易有限公司) as Vendor (the "Vendor"), entered into an equity transfer agreement in relation to 51% equity interest in Jiangxi Letong New Materials Company Limited* (江西樂通新材料有限公司) ("Jiangxi Letong") for a total consideration of RMB2,550,000. The Vendor owns the entire equity interest in Tibet Longtianyong Mining Company Limited* (西藏龍天勇礦業有限公司), which holds an exploration license with right to conduct general exploration on mineral resources within an area of 28.88 km^2 in Lhoka, Tibet covered under the exploration license, with a validity period till 30 September 2026, which may be extended subject to the satisfaction of certain conditions. The Directors considered that the acquisition of Jiangxi Letong and Tibet Longtianyong with the potential to explore mineral resources will bring synergy to the Group's existing business and also help to diversify business risks.

The Vendor, through Jiangxi Letong, acquired 30%, 40% and 30% equity interest in Tibet Longtianyong, from Mr. Chen Wancheng, Mr. Chen Zhiyong and Mr. Qu Haiqing respectively in April 2024. Mr. Chen Wancheng is the father of Mr. Chen He, an executive Director of the Company. Accordingly, Mr. Chen Wancheng is an associate of a connected person of the Company. Taking into account the above relationship and the Vendor's recent acquisition of Tibet Longtianyong through Jiangxi Letong, the Company considered that the Vendor, Jiangxi Letong and Tibet Longtianyong are deemed connected persons of the Company. Accordingly, the transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcement dated 15 August 2024.

CONTRACTUAL ARRANGEMENTS

Various regulations in the PRC restrict foreign-invested enterprises from holding certain licenses required to operate business in relation to value-added telecommunication services. Foreign investment activities in the PRC are subject to the restrictions as set forth in the Special Administrative Measures for Foreign Investment Access (Negative List) (2020 Version) (the "**2020 Negative List**"), which was promulgated and amended from time to time jointly by the National Development and Reform Commission of the PRC (the "**NDRC**") and Ministry of Commerce of the PRC (the "**MOFCOM**"), the latest version of which was released on 23 June 2020 and became effective on 23 June 2020. Foreign investment in industries which fall within the 2020 Negative List shall be subject to special administration measures as set forth therein.

According to the 2020 Negative List, foreign invested telecommunications enterprises (each a "**FITE**") in the PRC are generally required to be established as Sino-foreign equity joint ventures with limited exceptions. In general, the foreign party to a FITE engaging in value-added telecommunications services may hold up to 50% of the equity of the FITE, of which the geographical area it may conduct telecommunications services is provided by the Ministry of Industry and Information Technology in accordance with relevant provisions as mentioned above. In addition, the major foreign investor in a value-added telecommunications business in China must satisfy a number of stringent performance and operational experience requirements, including demonstrating a good track record and experience in operating a value-added telecommunications business overseas.

During the year ended 31 December 2024, certain business activities of the Group which are categorised as "restricted" business under the PRC laws and regulations have been carried by the Group through a series of contractual arrangements (the "**VIE Agreements**" or "**Nongmuren VIE Agreements**") with certain PRC nationals to control Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) ("**Jiangsu Nongmuren**", together with its subsidiaries, the "**Nongmuren Structured Entities**"), a company incorporated in the PRC limited by shares, pursuant to which the economic benefits and control of Jiangsu Nongmuren are transferred to the relevant subsidiary of the Company (the "**VIE Structure**" or "**Nongmuren VIE Structure**").

REPORT OF THE DIRECTORS

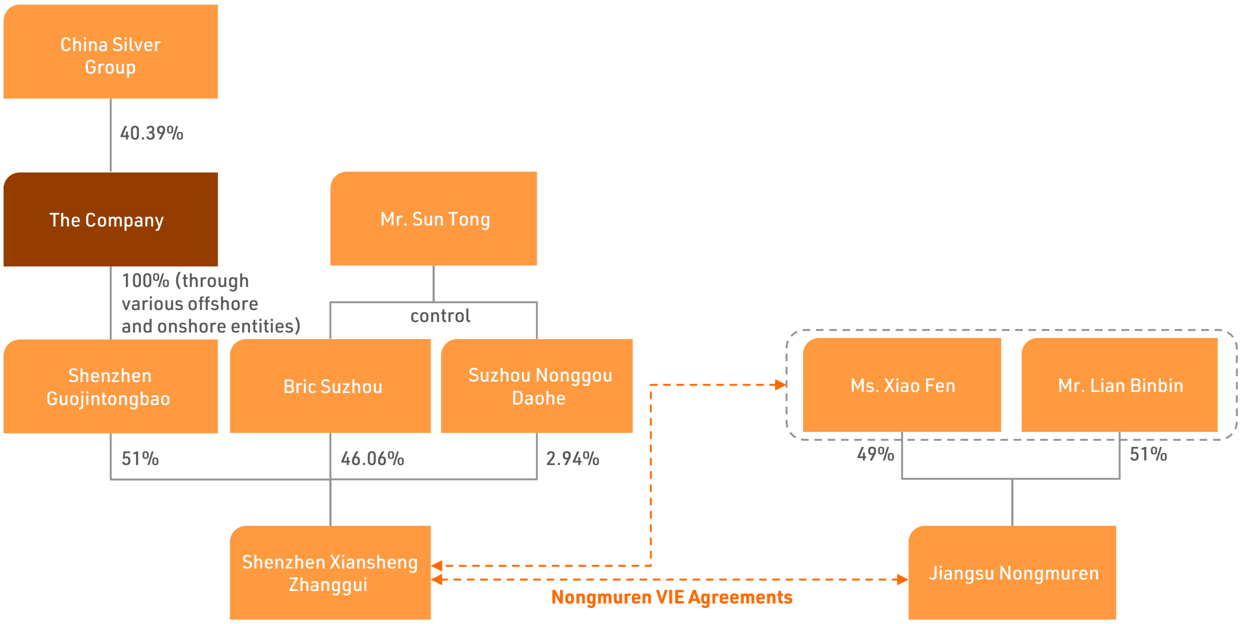
Jiangsu Nongmuren currently holds the ICP (Internet Content Provider) License (No. SU B2-20170344) issued by the Jiangsu Communications Administration, under which, Jiangsu Nongmuren operates two types of businesses and services, including (1) Online data processing and transaction processing services (operating e-commerce) in Category II of value-added telecommunications services; and (2) Information services in Category II value added telecommunications services (limited to internet information services).

Given that the foreign investment in the industry in which the Nongmuren Structured Entities operate is subject to restrictions under PRC laws and regulations, the VIE Agreements were entered into to allow the Company to exercise control over the operations of the Nongmuren Structured Entities to enjoy the economic benefits generated by the Nongmuren Structured Entities via the contractual arrangements. The VIE Agreements are narrowly tailored as they are necessary to address the foreign ownership restriction for the Company in the value-added telecommunication business, as set forth above. The VIE Agreements are also narrowly tailored to achieve the business purposes of the Company and minimize the potential for conflict with relevant PRC laws and regulations.

Major Terms of the Contractual Arrangements

Mr. Lian Binbin and Ms. Xiao Fen are the registered owners of Jiangsu Nongmuren. They are employees of the Group (not being directors of China Silver Group or the Company or any of their respective subsidiaries).

The following diagram illustrates the shareholding and ownership structure of Jiangsu Nongmuren:



The Nongmuren VIE Agreements comprise the following agreements:

(1) An exclusive option agreement entered into among Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司) ("**Shenzhen Xiansheng Zhanggui**"), Ms. Xiao Fen, Mr. Lian Binbin and Jiangsu Nongmuren, whereby Ms. Xiao Fen and Mr. Lian Binbin irrevocably grant Shenzhen Xiansheng Zhanggui an exclusive option to purchase all or part of the equity interest in Jiangsu Nongmuren and an exclusive option to purchase all or part of Jiangsu Nongmuren's assets;

(2) An exclusive consultancy and services agreement entered into between Shenzhen Xiansheng Zhanggui and Jiangsu Nongmuren, whereby Jiangsu Nongmuren exclusively engages Shenzhen Xiansheng Zhanggui to provide consultancy services and agrees to pay Shenzhen Xiansheng Zhanggui service fees in an amount equal to 100% of Jiangsu Nongmuren's annual net profit or an amount otherwise agreed by the parties;

(3) An equity pledge agreement entered into among Shenzhen Xiansheng Zhanggui, Ms. Xiao Fen, Mr. Lian Binbin and Jiangsu Nongmuren, whereby Ms. Xiao Fen and Mr. Lian Binbin agree to pledge all of their equity interest in Jiangsu Nongmuren to Shenzhen Xiansheng Zhanggui to secure their contractual obligations under the Nongmuren VIE Agreements;

(4) Shareholder voting right entrustment agreements entered into (i) among Shenzhen Xiansheng Zhanggui, Ms. Xiao Fen and Jiangsu Nongmuren; and (ii) among Shenzhen Xiansheng Zhanggui, Mr. Lian Binbin and Jiangsu Nongmuren, whereby Ms. Xiao Fen and Mr. Lian Binbin irrevocably agree to authorize any person designated by Shenzhen Xiansheng Zhanggui to exercise their rights and powers as shareholders of Jiangsu Nongmuren; and

(5) Spouse consent letters executed by (i) Ms. Xiao Fen; and (ii) the present spouse of Mr. Lian Binbin, whereby Ms. Xiao Fen undertakes to procure her future spouse to agree, and the present spouse of Mr. Lian Binbin agrees, to execute all necessary documents and take all necessary actions for ensuring the due performance of the Nongmuren VIE Agreements and not to bring any claim in respect of the equity interest in Jiangsu Nongmuren held by Ms. Xiao Fen and Mr. Lian Binbin, respectively.

Business activities of Jiangsu Nongmuren, significance and financial contribution of the Nongmuren Structured Entities to the Group

Jiangsu Nongmuren is the developer and operator of the Nongmuren supply chain and sales platforms, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS services in the PRC. Through the investment into Jiangsu Nongmuren, 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 agricultural industry.

REPORT OF THE DIRECTORS

During the year ended 31 December 2024, the Nongmuren Structured Entities were significant to the Group as they held a relevant license to provide internet information services. The following table sets out the financial contribution of the Nongmuren Structured Entities to the Group:

Revenue for the year ended 31 December 2024 (RMB '000)	Assets as at 31 December 2024 (RMB '000)
2,667	29,890

Risks and mitigation relating to the Nongmuren VIE Structure

In connection with the VIE Structure, the Group is subject to certain risks and limitations, which are summarized below:

(a) Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law* (《中華人民共和國外商投資法》) (the "**2019 FIL**") and how it may impact the viability of the current corporate structure, VIE Agreements, corporate governance and business operations of the Group and Jiangsu Nongmuren. If the PRC government finds that the VIE Agreements and/or Jiangsu Nongmuren to operate certain businesses in the PRC through the VIE Agreements do not comply with PRC laws and regulations, or if these laws or regulations or their interpretations change in the future, the Group could be subject to severe consequences and penalties, including the nullification of the VIE Agreements and forced relinquishment of the interests received through the VIE Agreements.

(b) The VIE Agreements may not be as effective in providing operational control as direct ownership and Jiangsu Nongmuren or its shareholders may fail to perform their obligations under the VIE Agreements.

(c) The exercise of the option to acquire the equity interest in Jiangsu Nongmuren may be subject to substantial amount of costs and time.

(d) Certain terms of the VIE Agreements may not be enforceable under PRC laws and enforcement of certain of the Group's rights under the VIE Agreements is subject to regulatory approval.

(e) The shareholders of Jiangsu Nongmuren may have conflicts of interests with the Group, which may materially and adversely affect the Group's business and financial conditions.

(f) Shenzhen Xiansheng Zhanggui bears as the primary beneficiary of Jiangsu Nongmuren, financial support to Jiangsu Nongmuren and potential exposure of Jiangsu Nongmuren to losses.

(g) The VIE Agreements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed.

There are uncertainties with respect to the interpretation and implementation of the newly enacted 2019 FIL. As such, the Board will closely monitor the development of the 2019 FIL with the help of the Company's PRC legal adviser, including but not limited to any new negative list issued by or approved to be issued by the State Council, or any future laws, administrative regulations or provisions prescribed by relevant governmental authorities. The Company will then discuss with its PRC legal adviser in order to assess any possible impact arising from the development of the 2019 FIL on the VIE Agreements and the business operation of the Company and Jiangsu Nongmuren.

In case there would be material and adverse effect on the Company or the business of Jiangsu Nongmuren arising from the 2019 FIL, the Company will disclose, as soon as possible: (i) updates of material development to the 2019 FIL as and when it occurs; and (ii) specific measures taken by the Company to fully comply with the development to the 2019 FIL and any material impact of the development of the 2019 FIL on the Company's operations and financial position.

Up to 31 December 2024, the Group did not maintain any insurance to cover the risks relating to the VIE Agreements.

Despite the above, as advised by the PRC legal advisers to the Company, the Nongmuren VIE Structure is in compliance with and, to the extent governed by the PRC laws currently in force, are enforceable under the current PRC laws. The Company will monitor the relevant PRC laws and regulations relevant to the VIE Structure and will take all necessary actions to protect the Company's interest in Jiangsu Nongmuren.

Material changes and unwinding of the VIE Agreements

On 13 January 2025, along with the disposal of 51% equity interest in Shenzhen Xiansheng Zhanggui Technology Co., Ltd, which controlled the operation of Jiangsu Nongmuren (i.e. the Fresh Food Retail segment) through the Nongmuren VIE Agreements, the Nongmuren VIE Agreements were unwound and terminated. Details of the Contractual Arrangement Termination Agreement are set out in the announcements of the Company dated 5 November 2024 and 15 January 2025.

Save as disclosed above, during the year ended 31 December 2024, there was no material change in the VIE Agreements and/or the circumstances under which they were adopted.

EQUITY-LINKED AGREEMENTS

Up to 31 December 2024, the Company has adopted two employee share schemes as incentives to eligible employees. All shares under the share schemes have been fully granted and vested and will not result in the Company issuing any additional shares. No equity-linked agreements that will or may result in the Company issuing Shares or requiring the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

We mainly operate in the PRC with most of the transactions settled in Renminbi and therefore have minimal exposure to foreign exchange risk. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis. For a detailed discussion, please refer to Note 3 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial reporting processes, risk management and internal control systems of the Group. The Audit Committee has also reviewed 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.

REPORT OF THE DIRECTORS

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES AND SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct throughout the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to article 191 of the Articles of Association, every Director is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of the duties of his office or otherwise in relation thereto (except such is incurred or sustained through his own fraud or dishonesty). Such provision is currently in force as of the date of this report and was in force throughout the year ended 31 December 2024.

The Company has taken out and maintained appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company throughout the year ended 31 December 2024.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the Shares.

CORPORATE GOVERNANCE

The Company is committed to the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 26 to 44 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, have been held by the public at all times for the year ended 31 December 2024 and up to the date of this report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by Linksfield CPA Limited.

Linksfield CPA Limited will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be submitted to the forthcoming annual general meeting of the Company for the re-appointment of Linksfield CPA Limited as auditor of the Company.

On behalf of the Board
Chen He
Chairman

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

LINKSFIELD CPA LIMITED
金道連城會計師事務所有限公司
Units 2001-02, 20/F., Podium Plaza, 5 Hanoi Road,
Tsim Sha Tsui, Hong Kong
香港尖沙咀河內道5號普基商業中心20樓2001-02室

TO THE SHAREHOLDERS OF CSMALL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of CSMall Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 149, which comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of material accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with The Hong Kong Institute of Certified Public Accountants ("HKICPA") Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of inventories; and
- Revenue recognition.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories	
We identified valuation of inventories as a key audit matter due to the significance of balance to the consolidated financial statements and significant management's judgment involved in the valuation process. Referring to Notes 4 and 21 to the consolidated financial statements, the carrying amount of inventories in the consolidated statement of financial position as at 31 December 2024 amounted to RMB973,502,000, without any write-down being recognised. As explained in Note 4 to the consolidated financial statements, the management regularly reviews its inventory levels and ageing analysis to identify potential valuation problem of inventories and estimates the net realisable value of those inventories based primarily on the current market conditions and subsequent selling price. The estimations used in applying this methodology are subject to a higher degree of estimation uncertainty and subjectivity in management's judgement in respect of changes of market condition and customer needs.	Our procedures in relation to assessing the appropriateness of the valuation of the inventories included: • Obtaining an understanding of the Group's inventory provision policy and the management's processes in identifying potential valuation problem of inventories; • Testing the accuracy of the ageing analysis prepared by the management, on a sample basis, by tracing to good receipt notes; • Assessing whether potential valuation problem of inventories was properly identified after taking into account the current market conditions and ageing analysis; and • Comparing the actual selling prices of finished goods subsequent to year end and market quotations of similar inventory items as at year end, on a sample basis, to their carrying amounts to check whether the finished goods are measured at the lower of cost and net realisable value. Based on the procedures performed, we found that the estimates and judgement made by management in respect of the net realisable value of inventories, are supportable by the available evidence.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The revenue of the Group mainly comprises income from sales of jewellery. For the year ended 31 December 2024, the recognised revenue of the Group was RMB157,570,000, referring to Note 6 to the consolidated financial statements. We focused on this area due to the significance of the revenue to the consolidated financial statements and hence significant audit resources were spent on performing the audit procedures on revenue recognition. For disclosure on the revenue recognition policy, please refer to Note 2.	Our procedures in relation to assessing the appropriateness of the accuracy of revenue included: • Obtaining an understanding of processes and internal controls of revenue recognition; • Performing testing on the design and execution effectiveness of key internal controls; • Inspecting the sales contract on a sampling basis to identify the sales business contract and each individual performance obligation, and evaluated whether the point of time when the customer obtains control of the service as judged by the management meets the requirements of the IFRSs; and • Performing analytical procedures and detailed tests to review the completeness, authenticity, cut-off of revenue accounting and the accuracy of disclosure. Based on the procedures performed, we found the revenue transactions tested to be supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

LINKSFIELD CPA LIMITED
Certified Public Accountants

Chan Tsz Yeung
Practising Certificate Number: P08054

Hong Kong, 27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation			
Revenue	6	**157,570**	410,458
Cost of sales		**(109,162)**	(373,526)
Gross profit		**48,408**	36,932
Other income, net	7	**2,805**	5,580
Other gains and losses, net	8	**(89)**	(7,281)
Selling and distribution expenses		**(15,482)**	(19,758)
Administrative expenses		**(23,580)**	(27,683)
Provision for impairment loss under expected credit loss model, net	10	**(2,301)**	(2,907)
Finance costs	9	**(5,412)**	(5,579)
Profit (loss) before income tax		**4,349**	(20,696)
Income tax expense	11	**(1,243)**	(257)
Profit (loss) for the year from continuing operation	12	**3,106**	(20,953)
Discontinued operation			
Loss for the year from discontinued operation		**(44,609)**	(27,549)
Loss and total comprehensive expense for the year		**(41,503)**	(48,502)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(23,187)**	(34,998)
Non-controlling interests		**(18,316)**	(13,504)
		(41,503)	(48,502)
Profit (loss) for the year attributable to Owners of the Company arises from:			
Continuing operation		**3,704**	(20,953)
Discontinued operation		**(26,891)**	(14,045)
		(23,187)	(34,998)
		RMB	RMB
(Loss) profit per share	15		
For continuing and discontinued operations			
Basic		**(0.019)**	(0.028)
Diluted		**N/A**	N/A
For continuing operation			
Basic		**0.003**	(0.017)
Diluted		**N/A**	N/A

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	16	**7,424**	10,142
Goodwill	19	**–**	12,476
Right-of-use assets	17	**3,314**	4,424
Intangible assets	18	**5,469**	5,421
Investment in associates		**–**	12
Deferred tax assets	20	**4,376**	3,726
		20,583	36,201
Current assets			
Inventories	21	**973,502**	980,549
Trade and other receivables	22	**93,158**	131,178
Amount due from immediate holding company	23	**17,286**	15,443
Amounts due from fellow subsidiaries	23	**15,038**	2,944
Tax recoverable		**736**	736
Bank balances and cash	24	**429,290**	419,510
		1,529,010	1,550,360
Assets of a disposal group classified as held for sale	25	**29,890**	–
		1,558,900	1,550,360
Current liabilities			
Trade and other payables	26	**72,639**	113,862
Lease liabilities – current portion	27	**336**	3,825
Contract liabilities	28	**5,577**	3,584
Amount due to a fellow subsidiary	23	**2,346**	2,310
Amounts due to related companies	23	**8,495**	8,892
Amounts due to non-controlling interests	23	**6,396**	22,513
Income tax payable		**8,501**	6,761
Bank borrowings	29	**89,000**	94,000
		193,290	255,747
Liabilities directly associated with assets classified as held for sale	25	**97,732**	–
		291,022	255,747
NET CURRENT ASSETS		**1,267,878**	1,294,613
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,288,461**	1,330,814

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	30	**842**	842
Share premium and reserves		**1,312,459**	1,335,646
Equity attributable to the owners of the Company		**1,313,301**	1,336,488
Non-controlling interests		**(25,044)**	(9,178)
TOTAL EQUITY		**1,288,257**	1,327,310
Non-current liabilities			
Deferred tax liabilities	20	**–**	1,355
Lease liabilities – non-current portion	27	**204**	2,149
		204	3,504
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**1,288,461**	1,330,814

The consolidated financial statements on pages 67 to 149 were approved and authorised for issue by the Board of Directors on 27 March 2024 and were signed on its behalf by:

Chen He	**Qian Pengcheng**
Director	*Director*

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Contribution reserve RMB'000 (Note i)	Other reserve RMB'000 (Note ii)	Statutory reserve RMB'000 (Note iii)	Exchange reserve RMB'000	Retained profit RMB'000	Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	842	858,158	325,850	1,935	25,902	8	158,791	1,371,486	4,326	1,375,812
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(34,998)	(34,998)	(13,504)	(48,502)
At 31 December 2023 and 1 January 2024	842	858,158	325,850	1,935	25,902	8	123,793	1,336,488	(9,178)	1,327,310
Acquisition of a subsidiary (Note iv)	-	-	-	-	-	-	-	-	2,450	2,450
Statutory reserve appropriation	-	-	-	-	331	-	(331)	-	-	-
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(23,187)	(23,187)	(18,316)	(41,503)
At 31 December 2024	**842**	**858,158**	**325,850**	**1,935**	**26,233**	**8**	**100,275**	**1,313,301**	**(25,044)**	**1,288,257**

Notes:

(i) The contribution reserve represents (a) net contribution from two fellow subsidiaries of the Group, included the funding and assets provided to the operation business of the Group prior to the reorganisation of the Group in preparation for listing (the "Reorganisation"), amounted to RMB224,000; (b) a subsidiary of the Group disposed of its 25% equity interest in an associate to China Silver Group (defined in Note 1) for a consideration of RMB40 million during the year ended 31 December 2016. Loss on disposal of the associate of RMB753,000 was recognised in the contribution reserve as deemed distribution; and (c) During the year ended 31 December 2016, the Group disposed of its entire equity interest in a subsidiary to China Silver Group at nil consideration. Gain on disposal of a subsidiary of RMB3,009,000 was recognised in the contribution reserve as deemed contribution.

(ii) The other reserve represents the difference of (a) the consideration of RMB235,469,000 received of Pre-IPO investors for the issued shares of CSMall Group Limited BVI ("CSMall Group BVI"), a subsidiary of the Group, during the Reorganisation; and (b) the net asset value of CSMall Group BVI at the date of acquisition by the Company, amounted to RMB233,534,000 during the Reorganisation.

(iii) According to the relevant laws of the People's Republic of China (the "PRC"), the Group's subsidiaries established in the PRC have to transfer a portion of their profits after income tax 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.

(iv) During the year ended 31 December 2024, the Group acquired 51% equity interest in Jiangxi Letong New Materials Co., Ltd. ("Jiangxi Letong") from independent third parties by way of capital injection of RMB2,550,000 payable in cash to Jiangxi Letong. The transaction was completed on 21 August 2024. Details are set out in Note 31.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000 (Restated)
Cash flows from operating activities		
Profit (loss) before income tax from:		
Continuing operation	4,349	(20,696)
Discontinued operation	(44,803)	(27,515)
Loss before income tax including discontinued operation	(40,454)	(48,211)
Adjustments for:		
Bank interest income	(707)	(1,669)
Gain on early termination of leases	–	(1)
Amortisation of intangible assets	774	775
Depreciation of property, plant and equipment	3,557	3,987
Depreciation of right-of-use assets	3,223	4,910
Finance costs	5,887	6,150
Impairment loss on goodwill	8,504	–
Share of loss of associates	–	28
Provision for impairment loss under expected credit loss model, net	30,359	13,989
Operating cash flows before movements in working capital	11,143	(20,042)
Decrease in inventories	6,491	13,142
Increase in trade and other receivables	(7,922)	(35,738)
Increase (decrease) in trade and other payables	18,587	(12,337)
Increase (decrease) in contract liabilities	1,993	(1,733)
Cash generated from (used in) operations	30,292	(56,708)
Income tax refund	–	212
Net cash generated from (used in) operating activities	30,292	(56,496)
Cash flows from investing activities		
Capital injection in associates	–	(40)
Net cash outflows of acquisition of a subsidiary	(2,487)	–
Interest received	707	1,669
Advances to immediate holding company	(1,843)	(2,071)
Purchase of property, plant and equipment	(1,246)	(1,446)
Advances to fellow subsidiaries	(19,697)	(3,164)
Repayment from fellow subsidiaries	7,603	220
Purchase of intangible assets	(4,997)	–
Net cash used in investing activities	(21,960)	(4,832)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000 (Restated)
Cash flows from financing activities		
Proceeds from bank borrowings	**92,000**	94,000
Repayment of bank borrowings	**(89,000)**	(84,062)
Repayment of lease liabilities	**(1,691)**	(4,106)
Interest paid	**(5,887)**	(6,150)
Advances from non-controlling interests	**6,861**	7,045
Repayment to a fellow subsidiary	**(404)**	(3,048)
Advance from a fellow subsidiary	**440**	2,017
Repayment to a related company	**(397)**	(72)
Net cash generated from financing activities	**1,922**	5,624
Net increase (decrease) in cash and cash equivalents	**10,254**	(55,704)
Cash and cash equivalents at the beginning of the year	**419,510**	475,214
Cash and cash equivalents of assets classified as held for sale	**(474)**	–
Cash and cash equivalents at the end of the year	**429,290**	419,510

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 19 January 2017. 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's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 March 2018.

The Company is an investment holding company. The Group operates the business of design and sale of gold, silver, colored gemstones, gem-set and other jewellery products in the People's Republic of China (the "**PRC**").

The immediate and ultimate holding company is China Silver Group Limited ("**China Silver Group**"), a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange.

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 Group) entered into an Equity Transfer agreement with an independent third party, 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 51% equity interest in Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司) (together with its subsidiaries, the "**Nongmuren 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 the year ended 2023 have also been restated.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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 purpose 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 previous carrying amount and fair value less costs to sell at the end of each reporting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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 IAS1	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	Sale 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are reclassified to profit or loss, as part of the gain or loss on sale.

2.3 Business combination and asset acquisition

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.3 Business combination and asset acquisition (continued)

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired entity,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment losses. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is RMB, which is the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(iii) Group companies (continued)

- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 "Financial Instruments" ("**IFRS 9**"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Revenue from contracts with customers (continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2.8 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

The Group as a lessee (continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and retail shops that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

The Group as a lessee (continued)

Lease modifications

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.9 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans including the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Hong Kong

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the MPF Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The PRC

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC-based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contribution to the defined contribution retirement schemes are expensed as incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arise from the initial recognition of goodwill.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.14 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The Group performs it annual impairment reviews for goodwill as at 31 December every year. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Intangible assets (continued)

Goodwill (continued)

Exploration rights and assets

Exploration rights and assets are stated at cost less impairment losses. Exploration rights and assets include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and amortisation and depreciation charges in respect of assets consumed during the exploration activities.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining rights and reserves and depreciated/amortised by the use of production method (the "**UOP**" method) based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining rights and reserves. Exploration rights and assets are written off to profit or loss if the exploration property is abandoned.

Mining rights and reserves

Mining rights and reserves are stated at cost less accumulated amortisation and any impairment losses. Mining rights and reserves include the cost of acquiring mining licences and exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights and reserves are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the UOP method. Mining rights and reserves are written off to profit or loss if the mining property is abandoned.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 Impairment of property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets) other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets) with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets) are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a cash generating unit for impairment, corporate assets are allocated to the relevant CGUs when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 Impairment of property, plant and equipment, right-of-use assets and intangible assets (including exploration right and assets) other than goodwill (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable, to the sale and non-incremental costs which the Group must incur to make the sale.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.18 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

2.19 Disposal group held for sale and Discontinued operation

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. It is measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidation statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidation statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Disposal group held for sale and Discontinued operation (continued)

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation are presented separately in the consolidated statement of profit or loss and other comprehensive income in Note 25.

2.20 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.20 Investments in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchase or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, amount due from immediate holding company, amounts due from fellow subsidiaries and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets that are credit-impaired or with significant outstanding balance is assessed individually. The ECL on the remaining balance is assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade, bills and other payables, amount due to a non-controlling interest, amount due to related companies, amount due to fellow subsidiaries, lease liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3 FINANCIAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amount due to a fellow subsidiary, amounts due to related companies, amounts due to non-controlling interests and lease liabilities as disclosed in Notes 23 and 27, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will take appropriate actions to balance its overall capital structure.

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount due from immediate holding company, amounts due from fellow subsidiaries, bank balances and cash, trade and other payables, lease liabilities, amount due to a fellow subsidiary, amounts due to non-controlling interests, amounts due to related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency of the respective entities at the end of the reporting period are mainly as follows:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollar	**146**	270	**540**	172
United States dollar	**4**	3	**–**	–

The Group currently does not have a foreign currency hedging policy. However, the management of the Company will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the RMB against the relevant foreign currencies. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. A positive number indicates an increase in loss for the year and other equity where RMB strengthen 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss for the year and the amounts would be negative.

There was no significant foreign currency risk for as at 31 December 2024 and 2023.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings (see Notes 24 and 29 for details) and fair value interest rate risk in relation to lease liabilities (see Note 27 for details) and fixed-rate bank borrowing (see Note 29 for details).

The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis is presented since the directors of the Company consider the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

(ii) Credit risk and impairment assessment

At the end of the reporting period, the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position as trade and other receivables, amount due from immediate holding company, amounts due from fellow subsidiaries and bank balances, which those best represent the Group's maximum exposure to credit risk which will cause a financial loss due to failure to discharge an obligation by the counterparties.

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables balances individually or based on provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers, taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort.

The Group has concentration of credit risk in relation to its trade receivables as shown below, these balances are mainly due from debtors with good repayment history.

	2024	2023
Amount due from the largest debtor as a percentage to total trade receivables	37%	53%
Total amount due from the five largest debtors as a percentage to total trade receivables	85%	65%

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Other financial assets

The Group's internal credit risk grading assessment on financial assets other than trade receivables comprises the following categories:

Internal credit rating	Description	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and may have any past-due amounts but usually settle after due date	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

<u>Other financial assets (continued)</u>

Amount due from immediate holding company

As at 31 December 2024, the credit risk arising from amount due from immediate holding company of approximately RMB17,286,000 (2023: RMB15,443,000) is limited and classified as low risk after assessing its financial background (2023: same). The assessed ECL for the amount due from immediate holding company is insignificant and no allowance is recognised (2023: same).

Amounts due from fellow subsidiaries

As at 31 December 2024, the credit risk arising from amounts due from fellow subsidiaries of approximately RMB15,038,000 (2023: RMB2,944,000) is limited and classified as low risk after assessing its financial background (2023: same). The assessed ECL for the amounts due from fellow subsidiaries is insignificant and no allowance is recognised (2023: same).

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with good reputation.

As at 31 December 2024, the cash and cash equivalents were deposited in reputable financial institutions in the PRC. The Group had certain concentration of credit risk as 99.6% (2023: 99.6%) of the total of bank balances were deposited with one financial institution in the PRC. The directors of the Company do not expect any losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	31 December 2024 Gross carrying amount		31 December 2023 Gross carrying amount	
				RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost							
Trade receivables	22	Note 1	Lifetime ECL (Collective assessment)	56,375		62,166	
	22	Note 1	Lifetime ECL (Individually)	8,852		8,523	
	22	Note 1	Lifetime ECL (Individually and credit-impaired)	8,302	73,529	8,593	79,282
Refundable deposits and other receivables (included in other receivables)	22	Low risk (Note 2)	12m ECL	–		13,643	
	22	Loss (Note 2)	Lifetime ECL – credit impaired	–		20,036	
	22	Low risk (Note 3)	12m ECL	5,289	5,289	5,233	38,912
Amount due from immediate holding company	23	Low risk (Note 3)	12m ECL		17,286		15,443
Amounts due from fellow subsidiaries	23	Low risk (Note 3)	12m ECL		15,038		2,944
Bank balances	24	Low risk (Note 4)	12m ECL		429,107		419,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes:

1. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired or with significant outstanding balances, the Group determines the expected credit losses on these items by using a provision matrix.

   As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its debtors except for those that with significant outstanding balances or credit-impaired. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

Continuing operation

	2024			2023		
	Trade receivables RMB'000	**Average loss rate**	**Expected credit loss RMB'000**	Trade receivables RMB'000	Average loss rate	Expected credit loss RMB'000
Current (not past due)	**48,293**	**3.22%**	**1,554**	50,453	4.12%	2,081
1-30 days past due	**377**	**5.86%**	**22**	676	7.60%	51
31-60 days past due	**144**	**15.19%**	**22**	3	14.96%	–
61-90 days past due	**113**	**18.84%**	**21**	251	19.40%	49
More than 90 days past due	**7,448**	**62.96%**	**4,690**	10,783	76.03%	8,073
	56,375		**6,309**	62,166		10,254

Discontinuing operation

	2024		
	Trade receivables RMB'000	**Average loss rate**	**Expected credit loss RMB'000**
More than 90 days past due	**8,225**	**100.00%**	**8,225**

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes: (continued)

1. During the year ended 31 December 2024, the Group provided RMB6,309,000 (2023: RMB10,258,000) impairment allowance for trade receivables based on collective assessment. Debtors with significant outstanding balances but not credit-impaired and debtors with significant outstanding balances but credit-impaired amounted to RMB8,852,000 and RMB8,302,000 respectively (2023: RMB8,523,000 and RMB8,593,000) were assessed individually. During the year ended 31 December 2024, the Group provided RMB3,779,000 and RMB8,302,000 (2023: RMB3,370,000 and RMB8,593,000) impairment allowance for both significant outstanding balances but not credit-impaired and credit-impaired respectively.

   The following table shows reconciliation of loss allowances that has been recognised for trade receivables.

   Continuing operation

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2023	5,584	8,507	14,091
–Impairment losses reversed	–	(37)	(37)
–Impairment losses recognised	8,044	123	8,167
At 31 December 2023 and 1 January 2024	**13,628**	**8,593**	**22,221**
–Reclassified to discontinued operation (Note 25)	**(5,699)**	**(433)**	**(6,132)**
–Impairment losses recognised	**2,159**	**142**	**2,301**
At 31 December 2024	**10,088**	**8,302**	**18,390**

   Discontinued operation

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–	–
–Reclassification from continuing operation	5,699	433	6,132
–Impairment losses recognised	2,093	–	2,093
At 31 December 2024	**7,792**	**433**	**8,225**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes: (continued)

2. As part of the Group's credit risk management, the Group uses counterparties' aging to assess the impairment. The following table provides information about the exposure to credit risk for other receivables within discontinued operation which are assessed on a collective basis by using provision matrix within 12 month ECL or lifetime ECL.

Gross carrying amount

	2024		
	Other receivables RMB'000	Average loss rate	Expected credit loss RMB'000
Current (not past due)	1	2.63%	–
More than 90 days past due	44,015	72.30%	31,824
	44,016		31,824

	2023		
	Other receivables RMB'000	Average loss rate	Expected credit loss RMB'000
Current (not past due)	13,643	2.63%	359
More than 90 days past due	20,036	27.45%	5,500
	33,679		5,859

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(ii) Credit risk and impairment assessment (continued)

Notes: (continued)

2. The estimated loss rates are estimated based on external credit ratings and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

   During the year ended 31 December 2024, the Group provided RMB31,824,000 (2023: RMB5,859,000) impairment allowance for other receivables based on collective assessment.

   The following table shows reconciliation of loss allowances that has been recognised for these other receivables.

   Continuing operation

	RMB'000
As at 1 January 2023	–
Impairment losses recognised	5,859
As at 31 December 2023 and 1 January 2024	**5,859**
Reclassified to discontinued operation (Note 25)	**(5,859)**
As at 31 December 2024	**–**

   Discontinued operation

	RMB'000
As at 1 January 2023, 31 December 2023 and 1 January 2024	–
Reclassification from continuing operation	**5,859**
Impairment losses recognised	**25,965**
As at 31 December 2024	**31,824**

3. For refundable deposits and other receivables, the Group measures the loss allowance equal to 12m ECL. For amount due from immediate holding company and amounts due from fellow subsidiaries, the Group applies internal credit risk management to assess whether credit risks has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. The credit risk on refundable deposits and other receivables is limited having considered the credit quality of the counterparties and the probability of default is negligible. Therefore, no impairment allowance is made on these balances.

4. Bank balances are deposited with financial institutions with high credit rating and are considered low credit risk financial assets. The directors of the Company consider these assets are short-term in nature and the probability of default is negligible on the basis of their high-credit ratings. Therefore, no impairment allowance is made on these balances.

(iii) Liquidity risk

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2024							
Trade payables	–	20,456	–	–	–	20,456	20,456
Amount due to a non-controlling interest	–	6,396	–	–	–	6,396	6,396
Other payables	–	2,435	–	–	–	2,435	2,435
Lease liabilities	5.32	29	58	261	203	551	540
Amounts due to related companies	–	8,495	–	–	–	8,495	8,495
Amount due to a fellow subsidiary	–	2,346	–	–	–	2,346	2,346
Bank borrowings - Variable rate	4.95	347	640	80,099	–	81,086	80,000
Bank borrowings - Fixed rate	4.25	34	62	9,066	–	9,162	9,000
		40,538	760	89,426	203	130,927	129,668

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2023							
Trade payables	–	30,139	–	–	–	30,139	30,139
Amount due to a non-controlling interest	–	22,513	–	–	–	22,513	22,513
Other payables	–	22,188	–	–	–	22,188	22,188
Lease liabilities	4.29	531	1,063	2,433	2,213	6,240	5,974
Amounts due to related companies	–	8,892	–	–	–	8,892	8,892
Amount due to a fellow subsidiary	–	2,310	–	–	–	2,310	2,310
Bank borrowings - Variable rate	5.30	372	697	80,208	–	81,277	80,000
Bank borrowings - Fixed rate	4.25	52	98	14,136	–	14,286	14,000
		86,997	1,858	96,777	2,213	187,845	186,016

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives and policies (continued)

Fair value of the Group's financial assets that are 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 consolidated financial statements approximate their fair values.

The fair values of these financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The management regularly reviews its inventory levels and ageing analysis in order to identify potential valuation problem of inventories. The management estimates the net realisable value of those inventories based primarily on the current market conditions and subsequent selling price. The Group makes allowance for inventory when the Group identifies items of inventories which have a net realisable value that is lower than its carrying amount.

Provision of ECL for trade and other receivables

The Group uses provision matrix to calculate ECL for certain of its trade and other receivables. The provision rates are based on historical default rates of various debtors that have similar loss patterns. The provision matrix is based on the shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers, taking into consideration forward-looking information that is reasonable and supportable available without undue cost or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables that are credit-impaired or with significant outstanding balances are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the trade and other receivables and the Group's ECL are disclosed in Notes 3, 10 and 22, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Consolidation of controlled structured entities

The Group obtained controls over certain VIEs by entering into a series of contractual arrangements (the "**Contractual Arrangements**") with the VIEs and their respective Nominee Shareholders. Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the VIEs and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the VIEs. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among the VIEs and their respective Nominee Shareholders are in compliance with the relevant PRC Laws and are legally enforceable.

Business combinations

Business combinations are accounted for under the acquisition method. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation methodologies requiring considerable management judgment. Although the Group believes that the assumptions and estimates applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material, see Note 31 for details.

Provision of ECL for amount due from immediate holding company and amounts due from fellow subsidiaries

Impairment of amount due from immediate holding company and amounts due from fellow subsidiaries are assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL. Assessment are done based on the Group's historical credit loss experience, general conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The provision of ECL is sensitive to changes in estimates. The information about amount due from immediate holding company and amounts due from fellow subsidiaries and its ECL are disclosed in Notes 23 and 3, respectively.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. In estimating the future cash flows, the management of the Group takes into account the exploration potentials, production costs and operating costs. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Recoverability of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. Judgment is required to determine the testing level and appropriate impairment approaches, i.e. fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions and estimates applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions and estimates selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions and estimates applied, it may be necessary to take additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. See Note 19 for details.

5 SEGMENT INFORMATION

The Group has one operating and reportable segment (2023: two segments). Management determines the operating segment based on the information reported to the Group's CODMs (i.e. the executive directors of the Company). The CODMs assess the operating performance and allocate the resources of the Group as a whole as the Group is primarily engaged in the business of designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC ("**New Jewellery Retail segment**"). Accordingly, there is only one operating and reportable segment.

The operation of Fresh Food Retail segment of the Group was discontinued during the year ended 31 December 2024. The segment information reported on the next pages does not include any amounts for the discontinued operation, which are described in more detail in Note 25.

5 SEGMENT INFORMATION (continued)

(a) Geographical information

The Group's operations are located in 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	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		(Restated)
Continuing operation				
The mainland of the PRC	**157,570**	410,458	**15,672**	11,020
Hong Kong	**–**	–	**535**	190
	157,570	410,458	**16,207**	11,210
Discontinued operation (Note 25)				
The mainland of the PRC	**2,667**	90,074	**–**	21,265
	160,237	500,532	**16,207**	32,475

Note: Non-current assets excluded deferred tax assets.

(b) Information about major customer

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

	2024	2023
	RMB'000	RMB'000
Customer A[1]	**N/A[2]**	254,213

Notes:

1 Revenue from a television shopping channel contractor (included in television and video shopping channels under online sales channels) that delivered the products of the Group to the respective end users.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE

i) Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation		
By products		
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	724	2,503
	157,570	410,458
By sales channels		
Online sales channels (Note i)	105,774	358,471
Offline retail and service network		
- CSmall Shops (Note ii)	513	1,630
- Shenzhen Exhibition Hall (Note iii)	51,283	50,357
	51,796	51,987
Total	157,570	410,458

Notes:

(i) Through various third-party online sales channels, including television and video shopping channels, e-commerce platform and instant messenger, sales orders are received from customers online and delivery is initiated and arranged by the channels.

(ii) It represents physical franchised CSmall Shops selling jewellery products.

(iii) It represents jewellery products exhibition hall self-operated by the Group located in Shuibei, Shenzhen.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (continued)

ii) Performance obligations for contracts with customers

Sale of gold products, sales of silver products, colored gemstones and gem-set and other jewellery products

The Group sells gold products, silver products, colored gemstones and gem-set and other jewellery products to (i) the wholesale market through self-operated online platform and offline retail and service network and (ii) directly to customers through self-operated online platform, third-party online sales channels and offline retail and services network.

For sales to the wholesale market, revenue is recognised when control of the goods is transferred, being the time when products are delivered to the wholesaler's specific location. Upon delivery, the wholesalers have full discretion over the manner of distribution and pricing to sell the goods, and they also bear the risks of obsolescence and loss in relation to the goods. The credit term granted to the wholesalers is 1 to 90 days from invoice date, and deposits received in advance are recognised as contract liabilities.

For sales directly to customers, revenue is recognised when goods are delivered or picked up, being the time when customers obtain control over the goods. The customers have a seven-day free return for jewellery products through online sales channels provided that the products are returned in their original state without damage. However, gold bars and silver bars are not returnable unless they are proved inauthentic and all other goods through offline retail and services network are not returnable. The Group uses its accumulated historical experience to estimate the number of return and considered that it is insignificant. Payments from the customers are made immediately upon or before delivery of the products. Payments received in advance are recognised as contract liabilities.

iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers for the Group are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7 OTHER INCOME, NET

	2024 **RMB'000**	2023 RMB'000 (Restated)
Continuing operation		
Government grants (Note)	**2,037**	3,547
Bank interest income	**707**	1,669
Gain on early termination of leases	**–**	1
Others	**61**	363
	2,805	5,580

Note: For the year ended 31 December 2024, government grants were received from the local government of the PRC as an incentives for foreign trade export subsidies and a financial support to reduce employee turnover (2023: incentives for foreign trade export subsidies and company development subsidies). There are no unfulfilled conditions attached to the grants.

8 OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation		
Net exchange loss	**(89)**	(7,281)

9 FINANCE COSTS

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation		
Interest on bank borrowings	**5,376**	5,395
Interest on lease liabilities	**36**	184
	5,412	5,579

10 PROVISION FOR IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation		
Provision for impairment loss recognised in respect of trade receivables, net	**2,301**	2,907

Details of impairment assessment are set out in Note 3.

11 INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation		
The PRC Enterprise Income Tax ("**EIT**")		
– current year	4,499	1,124
– overprovision in respect of prior years	(2,606)	–
	1,893	1,124
Deferred taxation – current year (Note 20)	(650)	(867)
	1,243	257

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.

The income tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Profit (loss) before income tax	4,349	(20,696)
Tax at the domestic income tax rate of 25% (2023: 25%)	1,087	(5,174)
Tax effect of expenses not deductible for tax purpose	2,983	3,891
Tax effect of income not taxable for tax purpose	(426)	–
Tax effect of utilisation of tax loss previously not recognised	(2,069)	(1,482)
Tax effect of tax losses not recognised	2,199	2,249
Overprovision in respect of prior years	(2,606)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	75	773
Income tax expense for the year	1,243	257

Details of deferred tax recognised are set out in Note 20.

12 PROFIT (LOSS) FOR THE YEAR

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

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operation		
Directors' emoluments (Note 14)	1,594	2,108
Other staff costs:		
– Salaries and other allowances	11,419	13,681
– Retirement benefit scheme contributions	1,287	1,665
Total staff costs	14,300	17,454
Auditor's remuneration	1,062	1,031
Cost of inventories recognised as expenses (included in cost of sales)	109,162	373,526
Depreciation of property, plant and equipment	3,495	3,885
Depreciation of right-of-use assets	1,698	3,467
Expenses on short-term leases in respect of office premises and retail shops	2,304	127

13 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

i) Directors' and Chief Executive's emoluments

Details of the emoluments paid or payable to the directors of the Company during the years are as follows:

	Directors' fees RMB'000	Salaries and other allowances RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive directors				
Mr. Chen He *(Chief Executive Officer)*	185	120	15	320
Mr. Qian Pengcheng	554	114	15	683
Ms. Huang Wen (Note)	18	17	1	36
	757	251	31	1,039
Independent non-executive directors				
Mr. Yu Leung Fai	185	–	–	185
Mr. Hu Qilin	185	–	–	185
Mr. Zhang Zuhui	185	–	–	185
	555	–	–	555
Total	1,312	251	31	1,594

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

i) Directors' and Chief Executive's emoluments (continued)

	Directors' fees RMB'000	Salaries and other allowances RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023				
Executive directors				
Mr. Chen He *(Chief Executive Officer)*	–	1,422	14	1,436
Mr. Qian Pengcheng	–	115	14	129
	–	1,537	28	1,565
Independent non-executive directors				
Mr. Yu Leung Fai	181	–	–	181
Mr. Hu Qilin	181	–	–	181
Mr. Zhang Zuhui	181	–	–	181
	543	–	–	543
Total	543	1,537	28	2,108

Note: Appointed on 25 November 2024.

The emoluments of the executive directors shown above are for their services as directors and employees in connection with the management of the affairs of the Company and the Group during both years.

The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2024 (2023: Nil).

Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2024 (2023: Nil).

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

i) Directors' and Chief Executive's emoluments (continued)

Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2024, there is no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors (2023: Nil).

Directors' material interests in transactions, arrangements or contracts

Except for the related party transaction disclosed in Note 36, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly; subsisted as at 31 December 2024 or at any time during the year ended 31 December 2024 (2023: Nil).

ii) Five highest paid employees

Two directors of the Company were included in the Group's five highest paid individuals for the year ended 31 December 2024 (2023: one). The emoluments of the remaining three (2023: four) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other allowances	1,395	1,587
Retirement benefit scheme contribution	40	55
	1,435	1,642

Their emoluments were within the following band:

	Number of employees	
	2024	2023
Not exceeding to HK$1,000,000	3	4

14 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

ii) Five highest paid employees (continued)

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors of the Company and five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors waived or agreed to waive any emolument during both years.

15 (LOSS) PROFIT PER SHARE

The calculations of the basic (loss) profit per share attributable to owners of the Company are based on the following data:

	2024	2023 (Restated)
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company from continuing operation for the purpose of basic profit (loss) per share (RMB'000)	**3,704**	(20,953)
Loss for the year attributable to owners of the Company from discontinued operation for the purpose of basic loss per share (RMB'000)	**(26,891)**	(14,045)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) profit per share (in thousand)	**1,237,875**	1,237,875

No diluted (loss) profit per share is presented for the years ended 31 December 2024 and 2023 as there were no potential ordinary shares in issue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Leasehold improvements RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at 1 January 2023	1,693	20,313	1,318	3,287	–	26,611
Additions	5	–	80	1,030	331	1,446
As at 31 December 2023	1,698	20,313	1,398	4,317	331	28,057
Additions	**–**	**–**	**–**	**1,246**	**–**	**1,246**
Reclassified as held for sale (Note 25)	**–**	**–**	**(304)**	**–**	**(331)**	**(635)**
As at 31 December 2024	**1,698**	**20,313**	**1,094**	**5,563**	**–**	**28,668**
Depreciation						
As at 1 January 2023	478	9,686	889	2,875	–	13,928
Provided for the year	166	3,405	152	264	–	3,987
As at 31 December 2023	644	13,091	1,041	3,139	–	17,915
Provided for the year	**165**	**2,975**	**108**	**309**	**–**	**3,557**
Reclassified as held for sale (Note 25)	**–**	**–**	**(228)**	**–**	**–**	**(228)**
As at 31 December 2024	**809**	**16,066**	**921**	**3,448**	**–**	**21,244**
Carrying values						
As at 31 December 2024	**889**	**4,247**	**173**	**2,115**	**–**	**7,424**
As at 31 December 2023	1,054	7,222	357	1,178	331	10,142

The above items of property, plant and equipment, after taking into account their estimated residual values, are depreciated on a straight-line basis, at the following rates per annum:

Plant and machinery	10%
Leasehold improvements	20%
Office equipment	20%
Motor vehicles	20%

17 RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
At 31 December 2024			
Carrying amount	**2,779**	**535**	**3,314**
At 31 December 2023			
Carrying amount	–	4,424	4,424
For the year ended 31 December 2024			
Depreciation charge	**20**	**3,203**	**3,223**
For the year ended 31 December 2023			
Depreciation charge	–	4,910	4,910

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Expenses relating to short term leases	**2,304**	127
Total cash outflow for leases	**1,964**	4,256
Additions to right-of-use assets	**676**	4,330
Early termination of lease	**–**	23
Additions upon acquisition of a subsidiary (Note 31)	**2,799**	–
Reclassified as held for sale (Note 25)	**1,362**	–

For both years, the Group leases office premises, showrooms, warehouse and retail shops for its operations. Majority of lease contracts are entered into for lease terms of one to two years for the year ended 31 December 2024 (2023: one to five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease terms and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises and retail shops. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB540,000 (2023: RMB5,974,000) are recognised with related right-of-use assets of RMB3,314,000 (2023: RMB4,424,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Exploration right RMB'000 (Note iii)	System software RMB'000 (Note i)	Platform RMB'000 (Note ii)	Total RMB'000
Cost				
As at 1 January 2023, 31 December 2023 and 1 January 2024	–	8,795	6,970	15,765
Addition upon acquisition of a subsidiary (Note 31)	**472**	**–**	**–**	**472**
Addition	**4,997**	**–**	**–**	**4,997**
Reclassified as held for sale (Note 25)	**–**	**–**	**(6,970)**	**(6,970)**
As at 31 December 2024	**5,469**	**8,795**	**–**	**14,264**
Amortisation and impairment				
As at 1 January 2023	–	8,795	774	9,569
Provided for the year	–	–	775	775
As at 31 December 2023 and 1 January 2024	–	8,795	1,549	10,344
Provided for the year	**–**	**–**	**774**	**774**
Reclassified as held for sale (Note 25)	**–**	**–**	**(2,323)**	**(2,323)**
As at 31 December 2024	**–**	**8,795**	**–**	**8,795**
Carrying values				
As at 31 December 2024	**5,469**	**–**	**–**	**5,469**
As at 31 December 2023	–	–	5,421	5,421

Notes:

(i) The system software is amortised on a straight-line basis over its estimated useful lives of 3 to 5 years.

(ii) Platform acquired as part of a business combination under Fresh Food Retail segment. The intangible asset is amortised on a straight-line basis over its estimated useful lives of 9 years and RMB2,323,000 was reclassified as asset held for sales (Note 25).

(iii) The exploration right acquired as part of an acquisition of assets under Tibet Longtianyong Mining Company Limited* (西藏龍天勇礦業有限公司) ("**Tibet Longtianyong**") is stated at cost less impairment losses.

* The English name is for identification purpose only.

19 GOODWILL

	RMB'000
Cost	
As at 1 January 2023, 31 December 2023 and 1 January 2024	**12,476**
Reclassified as held for sale (Note 25)	**(12,476)**
As at 31 December 2024	**–**
Impairment	
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**–**
Carrying values	
As at 31 December 2024	**–**
As at 31 December 2023	12,476

Goodwill from acquisition of Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) ("Jiangsu Nongmuren") was allocated to the Group's CGU of integrated online-and-offline sales of fresh food in the PRC. The goodwill has been reclassified to the assets of a disposal group classified as held for sale as disclosed in Note 25.

* The English name is for identification purpose only.

20 DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**4,376**	3,726
Deferred tax liabilities	**–**	(1,355)
	4,376	2,371

20 DEFERRED TAXATION (continued)

The followings are the major deferred tax assets recognised and movements thereon during the current and prior years:

	Unrealised profit RMB'000	ECL provision RMB'000	Fair value adjustments on business combination RMB'000	Total RMB'000
As at 1 January 2023	1,009	2,078	(1,549)	1,538
Credited to profit or loss (Note 11)	171	468	194	833
As at 31 December 2023	1,180	2,546	(1,355)	2,371
Credited to profit or loss (Note 11)	110	540	194	844
Reclassified as held for sale (Note 25)	–	–	1,161	1,161
As at 31 December 2024	**1,290**	**3,086**	**–**	**4,376**

At the end of the reporting period, the Group has unused tax losses arising in Hong Kong of HK$4,307,000 (equivalent to approximately RMB3,711,000) (2023: HK$4,327,000 (equivalent to approximately RMB3,729,000)) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams. All losses may be carried forward indefinitely.

As at 31 December 2024, the Group has tax losses arising in the PRC of RMB43,943,000 (2023: RMB93,239,000) available for offset against future profits that may be carried forward for up to five years for EIT purpose. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders which is declared in respect of profits earned by the PRC subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB444,204,000 as at 31 December 2024 (2023: RMB433,356,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

21 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	468,394	520,646
Finished goods	505,108	459,903
	973,502	980,549

Note: As at 31 December 2024, the carrying amounts of raw materials aged less than 1 year and over 1 year are RMB2,633,000 (2023: RMB45,492,000) and RMB465,761,000 (2023: RMB475,154,000), respectively.

22 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables for contracts with customers	73,529	79,282
Less: allowance for expected credit losses in respect of trade receivables	(18,390)	(22,221)
	55,139	57,061
Other receivables, deposits and prepayments	24,528	59,622
Less: allowance for expected credit losses in respect of other receivables	–	(5,859)
Prepayments to suppliers (Note)	6,126	4,629
Value-added tax ("**VAT**") recoverable	6,572	14,963
Refundable rental deposits	793	762
	93,158	131,178

Note:

Included in the balance is prepayments paid to a fellow subsidiary of the Group, Jiangxi Longtianyong Nonferrous Metals Co., Ltd.*, (江西龍天勇有色金屬有限公司) ("**Jiangxi Longtianyong**"), a wholly-owned subsidiary of China Silver Group, with a carrying amount of RMB1,601,000 as at 31 December 2023. All balance is utilised as at 31 December 2024.

* The English name is for identification only.

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 for 30% to 100% of the contract value from its customers before delivery of goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND OTHER RECEIVABLES (continued)

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:

	2024 RMB'000	2023 RMB'000
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
	55,139	57,061

As at 31 December 2024, included in the Group's trade receivables, net of allowance of credit losses were debtors with 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.

Details of impairment assessment of trade and other receivables are set out in Note 3.

23 AMOUNT(S) DUE FROM/(TO) IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/RELATED COMPANIES/NON-CONTROLLING INTERESTS

As at 31 December 2024 and 2023, the amount(s) due from immediate holding company, China Silver Group and fellow subsidiaries and amount due to a fellow subsidiary and non-controlling interests were non-trade in nature, unsecured, interest-free and repayable on demand.

Amounts due to related companies represent (i) an amount of RMB7,735,000 (2023: RMB8,132,000) due to a museum in the PRC, namely 景寧畲族自治縣畲銀博物館, of which Mr. Chen He, being an executive director of the Company is one of the operating committee members, and (ii) an amount of RMB760,000 (2023: RMB760,000) due to 江西金貓銀貓支付有限公司 ("**Jiangxi CSMall Payment**") which is a wholly owned subsidiary of Shenzhen Yinruiji Cultural Development Company Limited, a company controlled by Mr. Qian Pengcheng, being an executive director of the Company. The amounts are non-trade in nature, unsecured, interest-free and repayable on demand as at 31 December 2024 and 2023.

24 BANK BALANCES AND CASH

Bank balances carry interest at prevailing market interest rates ranging from 0.00% to 0.25% (2023: 0.001% to 0.35%) per annum for the year ended 31 December 2024.

The Group's bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
Hong Kong dollar	43	132
United States dollar	3	3
	46	135

As at 31 December 2024, the bank balances and cash of the Group denominated in RMB amounted to RMB429,243,000 (2023: RMB419,510,000). The conversion of RMB denominated bank balances and cash into foreign currencies and the remittance of such foreign currencies denominated balances out of the PRC are subject to the relevant rules and regulations of foreign exchange control by the government authorities concerned.

25 DISCONTINUED OPERATION

On 5 November 2024, Shenzhen Guojintongbao entered into an Equity Transfer Agreement with an independent third party in relation to the disposal of the Group's entire 51% equity interest of 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 re-present the Fresh Food Retail segment as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DISCONTINUED OPERATION (continued)

(a) Financial performance and cash flow information

	2024 RMB'000	2023 RMB'000
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 (expenses)	**194**	(34)
Loss for the year from discontinued operation	**(44,609)**	(27,549)
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	**(26,891)**	(14,045)
Non-controlling interests	**(17,718)**	(13,504)
	(44,609)	(27,549)
Loss for the year from discontinued operation includes the following:		
Other staff costs:		
– Salaries and other allowances	**4,344**	10,579
– Retirement benefit scheme contributions	**481**	968
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

25 DISCONTINUED OPERATION (continued)

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

	2024 RMB'000	2023 RMB'000
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
Net decrease in cash and cash equivalents in the discontinued operation	**(146)**	(4,678)

(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:

	RMB'000
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
Total assets of Disposal Group held for sale	29,890
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
Total liabilities of Disposal Group held for sale	97,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables (Note i)	**20,456**	30,139
Other payables and accrued expenses	**26,473**	61,966
VAT and other tax payables	**18,297**	14,344
Provision for termination of assignment contracts (Note ii)	**7,413**	7,413
	72,639	113,862

Notes:

i) Included in the balance amounting to RMB1,102,000 (2023: nil) is payable to a fellow subsidiary of the Group, Jiangxi Longtianyong.

(ii) 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 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 purpose 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 RMB'000	2023 RMB'000
0 to 30 days	**4,211**	5,918
31 to 60 days	**9**	50
61 to 90 days	**14**	292
Over 90 days	**16,222**	23,879
	20,456	30,139

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

27 LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable	**4,959**	5,974
Less: Amounts due for settlement within 12 months shown under current liabilities	**(336)**	(3,825)
Less: Reclassified as held for sale (Note 25)	**(4,419)**	–
Amounts due for settlement after 12 months shown under non-current liabilities	**204**	2,149

The weighted average incremental borrowing rate applied to lease liabilities is 5.39% (2023: 4.90%) per annum for the year ended 31 December 2024.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
Hong Kong dollar	**540**	172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Amounts received in advance of sales of goods	**5,577**	3,584

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	Amounts received in advance of sale of goods	
	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**3,584**	5,317

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives 30% to 100% of the contract amounts as deposits from customers when the sales order is issued. The entire amount of contract liabilities will be recognised as revenue when the customers obtained the control of goods.

29 BANK BORROWINGS

	2024 RMB'000	2023 RMB'000
Secured bank borrowings carrying interest at fixed rate, repayable within one year and without a repayment on demand clause	**9,000**	14,000
Secured bank borrowings carrying interest at floating rate, repayable within one year and without repayment on demand clause	**80,000**	80,000
	89,000	94,000

29 BANK BORROWINGS (continued)

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

	2024 RMB'000	2023 RMB'000
Effective interest rate per annum	**6.04%**	5.31%

The total banking facility granted to the Group amounted to RMB105,200,000 (2023: RMB97,500,000) of which RMB89,000,000 (2023: RMB94,000,000) were utilised.

The amounts are secured and/or guaranteed by (i) personal guarantee from a director of China Silver Group, Mr. Chen Wantian and his spouse; (ii) personal guarantee from a director of the Company, Mr. Qian Pengcheng; (iii) corporate guarantee and certain assets of a supplier and independent third parties and (iv) corporate guarantee from a fellow subsidiary (2023: (i) personal guarantee from a director of China Silver Group, Mr. Chen Wantian and his spouse; (ii) personal guarantee from a director of the Company, Mr. Qian Pengcheng; (iii) corporate guarantee and certain assets of a supplier and independent third parties; (iv) personal guarantee from directors of the subsidiary, Jiangsu Nongmuren and (v) corporate guarantee from a fellow subsidiary).

Bank borrowings of RMB9,000,000 (2023: RMB14,000,000) as at 31 December 2024 carry interest at fixed rates 4.25% (2023: 4.25%) per annum and RMB80,000,000 (2023: RMB80,000,000) carry interest at loan prime rate plus 1.85% (2023: loan prime rate plus 1.85%) per annum.

30 SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital	
		US$	RMB'000
Ordinary share of US$0.0001 each			
Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**3,000,000,000**	**300,000**	**2,062**
Issued:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**1,237,875,040**	**123,787**	**842**

31 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 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:

	RMB'000
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	(2,450)
Purchase consideration	2,550
Less: cash and cash equivalent balances acquired	(63)
Net cash outflow on acquisition of the Target Company	2,487

* The English name is for identification purpose only.

32 RETIREMENT BENEFITS PLANS

The Group participates in a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

During the year ended 31 December 2024, the total expenses recognised in profit or loss of RMB1,799,000 (2023: RMB2,661,000) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

33 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 **RMB'000**	2023 RMB'000
Financial assets		
– Financial assets at amortised cost	**522,043**	525,067
Financial liabilities		
– Financial liabilities at amortised cost	**129,128**	180,043
– Lease liabilities	**540**	5,974

34 MAJOR NON-CASH TRANSACTIONS

The Group had the following major non-cash transactions:

During the year ended 31 December 2024, the Group entered into one new lease agreement for the use of office premise for 2 years. On the lease commencement, the Group recognised RMB676,000 of right-of-use assets and RMB676,000 of lease liabilities.

During the year ended 31 December 2023, the Group entered into two new lease agreements for the use of office premises for 3 and 1.5 years respectively. On the leases commencement, the Group recognised RMB4,330,000 of right-of-use assets and RMB4,330,000 of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a fellow subsidiary RMB'000	Amounts due to related companies RMB'000	Lease liabilities RMB'000	Bank borrowings RMB'000	Interest payables (Included in other payables) RMB'000	Amounts due to non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	3,341	8,964	5,774	84,062	–	15,468	117,609
Financing cash flows	(1,031)	(72)	(4,518)	9,938	(5,738)	7,045	5,624
Finance cost recognised (Note 9 and 25)	–	–	412	–	5,738	–	6,150
New leases entered (Note 34)	–	–	4,330	–	–	–	4,330
Early termination of lease	–	–	(24)	–	–	–	(24)
As at 31 December 2023	2,310	8,892	5,974	94,000	–	22,513	133,689
At 1 January 2024	**2,310**	**8,892**	**5,974**	**94,000**	**–**	**22,513**	**133,689**
Financing cash flows	**36**	**(397)**	**(1,964)**	**3,000**	**(5,614)**	**6,861**	**1,922**
Finance cost recognised (Notes 9 and 25)	**–**	**–**	**273**	**–**	**5,614**	**–**	**5,887**
New leases entered (Note 34)	**–**	**–**	**676**	**–**	**–**	**–**	**676**
Reclassification as held for sale (Note 25)	**–**	**–**	**(4,419)**	**(8,000)**	**–**	**(22,978)**	**(35,397)**
As at 31 December 2024	**2,346**	**8,495**	**540**	**89,000**	**–**	**6,396**	**106,777**

36 RELATED PARTY DISCLOSURES

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group has following significant transactions and balances with related parties:

Name of related parties	Relationship	Nature of transactions	2024 RMB'000	2023 RMB'000
江西龍天勇有色金屬有限公司	A fellow subsidiary of the Group and a subsidiary of China Silver Group (Note i)	Purchase of silver ingots (Note iii)	**1,247**	45,393
		Repayments of lease liabilities (Note ii)	**300**	600
		Interest expenses on lease liabilities	**5**	31
		Expenses on short term lease (Note iv)	**300**	–

36 RELATED PARTY DISCLOSURES

(a) (continued)

Notes:

i) China Silver Group is the immediate and ultimate holding company of the Group.

ii) The Group entered into a lease agreement for the use of warehouse and office premises with the fellow subsidiary for 5 years. As at 31 December 2024, the payable due to the fellow subsidiary amounted to nil (2023: RMB295,000).

iii) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

iv) The Group entered into a lease agreement for the use of warehouse and office premises with the fellow subsidiary for 1 year.

(b) Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in Notes 22 and 23.

(c) Compensation of key management personnel

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

	2024 RMB'000	2023 RMB'000
Salaries and other allowances	1,895	2,406
Retirement benefits schemes contributions	44	44
	1,939	2,450

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

37 CONTINGENT LIABILITY

During the year ended 31 December 2024, 江西吉銀實業有限公司, a subsidiary of the Group, provided a corporate guarantee of RMB250,000,000 to Jiangxi Longtianyong, a fellow subsidiary of the Group and a subsidiary of China Silver Group Limited, to obtain a bank borrowing. If Jiangxi Longtianyong fails to repay the bank borrowing based on the borrowing terms in the borrowing agreement, 江西吉銀實業有限公司 will become liable to compensate such bank accordingly (31 December 2023: RMB250,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 SUBSIDIARIES

The Company has direct and indirect interests in the following subsidiaries. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities/ place of operations	Form of Company
			2024	2023		
Directly owned:						
CSMall Group BVI 金貓銀貓集團有限公司	The BVI	Ordinary Shares US$83,233	100%	100%	Investment holding/ Hong Kong	Limited liability
CSMall Holdings Limited BVI 金貓銀貓控股有限公司	The BVI	Ordinary shares US$50,000	100%	100%	Investment holding/ Hong Kong	Limited liability
Indirectly owned:						
China Silver Jewellery Group Limited 中國白銀珠寶集團有限公司	Hong Kong	Ordinary shares HK$10,000	100%	100%	Investment holding/ Hong Kong	Limited liability
Bit Silicon Valley Blockchain Technology Limited 比特硅谷區塊鏈技術有限公司@	Hong Kong	Ordinary shares HK$10,000	N/A	100%	Inactive/ Hong Kong	Limited liability
江西吉銀實業有限公司	The PRC	Registered capital US$99,800,000	100%	100%	Processing and wholesale of precious metal products/ The PRC	Wholly foreign owned
江西樂通新材料有限公司 Jiangxi Letong New Materials Co., Ltd. (for identification purpose) ###	The PRC	Registered capital RMB30,000,000	51%	N/A	Inactive/ The PRC	Limited liability
西藏龍天勇礦業有限公司 Tibet Longtianyong Mining Company Limited (for identification purpose) ###	The PRC	Registered capital RMB5,000,000	51%	N/A	Engaged in the exploration of lead and zinc mines/ The PRC	Limited liability
國融通寶 (深圳) 融資租賃有限公司	The PRC	Registered capital RMB200,000	100%	100%	Inactive/ The PRC	Limited liability
深圳金縱橫軟件開發有限公司	The PRC	Registered capital RMB1,000,000	100%	100%	Software development/ The PRC	Limited liability
深圳國金通寶有限公司 Shenzhen Guojin Tongbao (for identification purpose)	The PRC	Registered capital RMB50,000,000^	100%	100%	Investment holding#/ The PRC	Limited liability
深圳國銀通寶有限公司 Shenzhen Gooyintongbao (for identification purpose)	The PRC	Registered capital RMB500,000,000	100%	100%	Online and offline sales of jewellery products and operation of self-owned stores/The PRC	Wholly foreign owned

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38 SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company 2024	2023	Principal activities/ place of operations	Form of Company
景寧畲銀文化有限公司	The PRC	Registered capital RMB10,000,000^	**100%**	100%	Planning of cultural events, design and sale of jewellery products/ The PRC	Limited liability
白銀小鎮（上海）文化產業有限公司	The PRC	Registered capital RMB100,000,000^	**100%**	100%	Online sales of jewellery products/The PRC	Limited liability
湖州白銀置業有限公司	The PRC	Registered capital RMB50,000,000^	**100%**	100%	Property development/ The PRC	Limited liability
浙江金貓銀貓珠寶首飾有限公司	The PRC	Registered capital RMB10,000,000^	**100%**	100%	Sales of jewellery products/The PRC	Limited liability
深圳鮮生掌櫃科技有限公司##	The PRC	Registered capital RMB1,000,000^	**51% (Note iii)**	51% (Note iii)	Investment holding/ The PRC	Limited liability
江蘇農牧人電子商務股份有限公司 Jiangsu Nongmuren Electronic Business Corp. (for identification purpose)	The PRC	Registered capital RMB25,510,000^	**N/A* (Note iii)**	N/A* (Note iii)	Sales of fresh food product/The PRC	Limited liability
青島農牧人供應鏈管理有限公司 Qingdao Farmers and Herdsmen Supply Chain Management Co.,Ltd (for identification purpose) ^β	The PRC	Registered capital RMB500,000	**26.01%**	26.01%	Fresh food acquisition, storage and transportation, primary processing, packaging and sales/ The PRC	Limited liability
新疆羊掌櫃電子商務有限公司 Xinjiang Yangshopkeeper E-commerce Co., Ltd (for identification purpose) ^β	The PRC	Registered capital RMB10,000,000	**25.5%**	30.6%	Sales of fresh food product/The PRC	Limited liability
農牧人甄選（蘇州）科技有限公司 Farmers and Pastoral Selection (Suzhou) Technology Co., Ltd. (for identification purpose) ^β	The PRC	Registered capital RMB1,000,000	**51%**	51%	Sales and promotion of fresh food products/ The PRC	Limited liability
農牧人掌櫃（蘇州）科技有限公司 Farmer and Pastoral Manager (Suzhou) Technology Co., Ltd. (for identification purpose) ^β	The PRC	Registered capital RMB10,000,000	**51%**	51%	Sales and promotion of fresh food products/ The PRC	Limited liability

Not yet commence business

* Structured entities

^ At 31 December 2024 and 2023, capital injection to the entity had not been made

Incorporated during the year ended 31 December 2022 and controlled under a variable interest entity structure

Acquired during the year ended 31 December 2024

β The subsidiary of Jiangsu Nongmuren Electronic Business Corp.

@ Disposed during the year ended 31 December 2024

38 SUBSIDIARIES (continued)

Non-controlling interests

Notes:

(i) None of the subsidiaries had issued any debt securities outstanding at the end of the year or at any time during the year.

(ii) Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation on and principal place of business	Proportion of ownership interests and voting rights held by non-controllings		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Jiangsu Nongmuren and its subsidiaries	The PRC	**49%**	49%	**(17,718)**	(13,504)	**(26,896)**	(9,178)
Individual immaterial subsidiaries with non-controlling interest				**(598)**	–	**1,852**	–
				(18,316)	(13,504)	**(25,044)**	(9,178)

38 SUBSIDIARIES (continued)

Non-controlling interests (continued)

Notes: (continued)

(ii) Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of the Group's subsidiaries that have non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Jiangsu Nongmuren	
	As at/For the year ended 31 December 2024 RMB'000	As at/For the year ended 31 December 2023 RMB'000
Current assets	**36,916**	52,978
Current liabilities	**(94,769)**	(75,011)
Current net liabilities	**(57,853)**	(22,033)
Non-current assets	**1,780**	3,367
Non-current liabilities	**–**	(2,149)
Net liabilities	**(56,073)**	(20,815)
Accumulated non-controlling interest	**(39,004)**	(21,598)
Summarised income statement		
Revenue	**2,667**	90,074
Loss for the year	**(35,523)**	(26,968)
Loss and total comprehensive expense for the year	**(35,523)**	(26,968)
Loss for the year attributable to owners of the Company	**(18,117)**	(13,754)
Loss allocated to non-controlling interest	**(17,406)**	(13,214)
	(35,523)	(26,968)
Summarised cash flows		
Cash outflows from operating activities	**(3,373)**	(5,980)
Cash inflows from investing activities	**–**	37
Cash inflows from financing activities	**3,227**	1,265
Net cash outflows	**(146)**	(4,678)

38 SUBSIDIARIES (continued)

Notes: (continued)

(iii) Consolidated structured entity

PRC laws and regulations restrict foreign investors from owning more than 50% equity interests in any enterprise engaged in value-added telecommunication business (the "**Restricted Business**").

During the year ended 31 December 2022, the Group decided to engage in the provision of electronic platforms and branding and SaaS services in the PRC which was categorised under the Restricted Business. Therefore, Jiangsu Nongmuren was acquired and under the legal ownership of two independent third parties. Therefore, a series of agreements (the "**2021 Contractual Arrangements**") were entered into between the Group and the legal owners on 31 December 2021.

Jiangsu Nongmuren is referred to as the "Structured Entity".

The 2021 Contractual Arrangements both comprised of (a) exclusive option agreement, (b) exclusive consultancy and services agreement, (c) shareholder voting right entrustment agreements, and (d) equity pledge agreement. Key provisions of the 2021 Contractual Arrangements are as follows:

Exclusive option Agreement

The Group, the Structured Entity and the legal owners entered into an exclusive option agreement (the "**Exclusive Option Agreement**") whereby the legal owners have irrevocably and unconditionally agree, to the extent permitted under the laws of the PRC, to transfer to the Group or any other entities or persons designated by the Group their equity interests in the Structured Entity. The Group may exercise, at its sole discretion, its rights at any time and in any manner permitted under the laws of the PRC. The exercise price of the rights payable to each of the legal owners is the lower of (a) the amount of registered capital contributed by the respective legal owner in accordance with their respective percentage of equity interest in the Structured Entity and (b) the lowest price permitted under the laws of the PRC. The entire consideration received by the legal owners in exercising the option would be transferred to the Group within 10 days. In respect of the 2021 Contractual Arrangements, the Exclusive Option Agreement contains an undertaking from Jiangsu Nongmuren's legal owners to return to the Company any consideration they received when the Company acquires the equity interest of Jiangsu Nongmuren upon unwinding the 2021 Contractual Arrangements.

The Exclusive Option Agreement will be terminated when all the rights and assets in the Structured Entity are transferred to the Group and/or other entities or persons designated by the Group in accordance with the terms of the Exclusive Option Agreement and the laws of the PRC.

Exclusive Consultancy and Services Agreement

The Group and the Structured Entity entered into an exclusive consultancy and services agreement ("**Exclusive Consultancy and Services Agreement**") whereby the Structured Entity engages the Group on an exclusive basis to provide consultancy services in relation to technology approval (技術審批), technology support, technology consultation and other related corporate consultation services.

In consideration of the provision of the aforementioned services by the Group, the Structured Entity will pay the Group (a) a service fee equivalent to the entire profit after taxation of the Structured Entity, with calculation in accordance to IFRSs, after setting off any accumulated loss after taxation in the prior years; and (b) another service fee agreed separately between the Structured Entity and the Group for specific technology services provided by the Group on the request of the Structured Entity.

The Exclusive Consultancy and Services Agreement will be valid until terminated in writing by both parties or in accordance with the requirements by the laws of the PRC.

Shareholder voting right entrustment agreements

The Group, the Structured Entity and the legal owners entered into a shareholder voting right entrustment agreements (the "**Shareholder Voting Right Entrustment Agreements**") whereby the legal owners have irrevocably agree that the Group shall be authorised any person designated by the Group to exercise their rights and powers as shareholders of the Structured Entity.

The Shareholder Voting Right Entrustment Agreements will be terminated when all the equity interests in the Structured Entity are transferred to the Group and/or other entities or persons designated by the Group in accordance with the terms of the Shareholder Voting Right Entrustment Agreements and the laws of the PRC.

38 SUBSIDIARIES (continued)

Notes: (continued)

(iii) Consolidated structured entity (continued)

Equity Pledge Agreement

The Group, the Structured Entity and the legal owners entered into a share pledge agreement (the "**Share Pledge Agreement**") whereby the legal owners have irrevocably and unconditionally agree that the Group shall be entitled to enforce the pledge in accordance with the terms of the Share Pledge Agreement.

The Share Pledge Agreement will remain in effect until the later to occur of the following: (a) all of the obligations of the legal owners and the Structured Entity under the Exclusive Option Agreement, the Exclusive Consultancy and Services Agreement, the Equity Pledge Agreement, and the Shareholder Voting Right Entrustment Agreements are satisfied in full or (b) all the direct, indirect or incidental loss suffered by the Group as a result of the breach by the legal owners or the Structured Entity under the Option Agreement, the Proxy Agreement and/or the Consultancy and Services Agreement has been discharged in full.

The directors of the Company, after consulting their legal counsel, are of the view that the 2023 Contractual Arrangements are in compliance with existing PRC laws and regulations and are valid, binding and enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material aspects. The 2023 Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the Structured Entity despite the absence of formal legal equity interest held by the Group therein and the legal owners are, in substance, the nominees of the Group. Accordingly, the Structured Entity is accounted for as a consolidated Structured Entity of the Group.

Jiangsu Nongmuren is principally engaged in conducts intergrated 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.

Jiangsu Nongmuren is principally engaged in 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. Jiangsu Nongmuren is reported in the current year as a discontinued operation and assets held for sale. The disposal of Jiangsu Nongmuren was completed on the 13 January 2025 and the Jiangsu Nongmuren shall be terminated. For details, please refer to Note 25.

39 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Investments in subsidiaries		**922,481**	922,481
Right-of-use assets		**535**	190
Amount due from a subsidiary		**110,514**	110,514
		1,033,530	1,033,185
Current assets			
Other receivables		**308**	244
Amount due from immediate holding company		**5,021**	3,416
Bank balances and cash		**8**	41
		5,337	3,701
Current liabilities			
Other payables and accruals		**13,255**	11,156
Lease liabilities – current portion		**336**	172
Amount due to a fellow subsidiary		**2,328**	2,292
Amount due to a subsidiary		**44,076**	37,456
		59,995	51,076
Net current liabilities		**(54,658)**	(47,375)
Total assets less current liabilities		**978,872**	985,810
Capital and reserves			
Share capital	30	**842**	842
Share premium and reserves	(i)	**977,826**	984,968
Total equity		**978,668**	985,810
Non-current liability			
Lease liabilities – non-current portion		**204**	–
Total equity and non-current liability		**978,872**	985,810

39 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Note:

(i) Movements in share premium and reserves of the Company:

	Share premium RMB'000	Contribution reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	858,158	323,370	(188,344)	993,184
Loss and total comprehensive expense for the year	–	–	(8,216)	(8,216)
At 31 December 2023	858,158	323,370	(196,560)	984,968
Loss and total comprehensive expense for the year	–	–	**(7,142)**	**(7,142)**
At 31 December 2024	**858,158**	**323,370**	**(203,702)**	**977,826**

40 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting, the disposal of the entire equity interest of an indirect non-wholly-owned subsidiary, Shenzhen Xiansheng Zhanggui Technology Co., Ltd.* (深圳鮮生掌櫃科技有限公司) (as disclosed in note 25) has been completed on 13 January 2025.

Save as disclosed above, there were no other significant events that have occurred subsequent to the end of the reporting period.

* The English name is for identification purpose only.

FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000 (restated)	**2024** **RMB'000**
Continuing operation					
Revenue	347,768	364,187	1,790,311	410,458	**157,570**
(Loss) profit before tax	(30,830)	8,374	(33,401)	(20,696)	**4,349**
Income tax expense	(4,773)	(8,303)	(870)	(257)	**(1,243)**
Loss (profit) for the year from continuing operations	(35,603)	71	(34,271)	(20,953)	**3,106**
Discontinued operation					
Loss for the year from discontinued operation	–	–	–	(27,549)	**(44,609)**
(Loss) profit for the year	(35,603)	71	(34,271)	(48,502)	**(41,503)**
Attributable to					
– Owners of the Company	(35,603)	71	(25,603)	(34,998)	**(23,187)**
– Non-controlling interests	–	–	(8,668)	(13,504)	**(18,316)**
	(35,603)	71	(34,271)	(48,502)	**(41,503)**

ASSETS AND LIABILITIES

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Total assets	1,579,282	1,510,569	1,632,123	1,586,561	**1,579,483**
Total liabilities	(182,264)	(113,480)	(256,311)	(259,251)	**(291,226)**
Total equity	1,397,018	1,397,089	1,375,812	1,327,310	**1,288,257**
Equity attributable to owners of the Company	1,397,018	1,397,089	1,371,486	1,336,488	**1,313,301**
Non-controlling interests	–	–	4,326	(9,178)	**(25,044)**
	1,397,018	1,397,089	1,375,812	1,327,310	**1,288,257**