中國白銀集團
CHINA SILVER GROUP

中國白銀集團有限公司
China Silver Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 815

ANNUAL REPORT 2024

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

CONTENTS

CORPORATE INFORMATION

Executive directors

Chen Wantian (陳萬天)
Song Guosheng (宋國生)
Liu Jiandong (柳建東) (Resigned on 25 November 2024)

Independent non-executive directors

Song Hongbing (宋鴻兵)
Song Fangxiu (宋芳秀) (Appointed on 25 November 2024)
Zeng Yilong (曾一龍)
Li Haitao (李海濤) (Resigned on 25 November 2024)

Audit committee

Zeng Yilong (Chairman)
Song Fangxiu (Appointed on 25 November 2024)
Song Hongbing
Li Haitao (Resigned on 25 November 2024)

Remuneration committee

Song Fangxiu (Chairman) (Appointed on 25 November 2024)
Chen Wantian
Song Hongbing
Li Haitao (Resigned on 25 November 2024)

Nomination committee

Chen Wantian (Chairman)
Song Fangxiu (Appointed on 25 November 2024)
Song Hongbing
Li Haitao (Resigned on 25 November 2024)

Company secretary

Chan Hon To (陳瀚濤), HKICPA FCCA

Authorised representatives

Chen Wantian
Chan Hon To

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

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.chinasilver.hk

Place of listing and stock code

The Stock Exchange of Hong Kong Limited
815

Principal bankers

Bank of Ganzhou
Agricultural Bank of China

Auditor

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

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

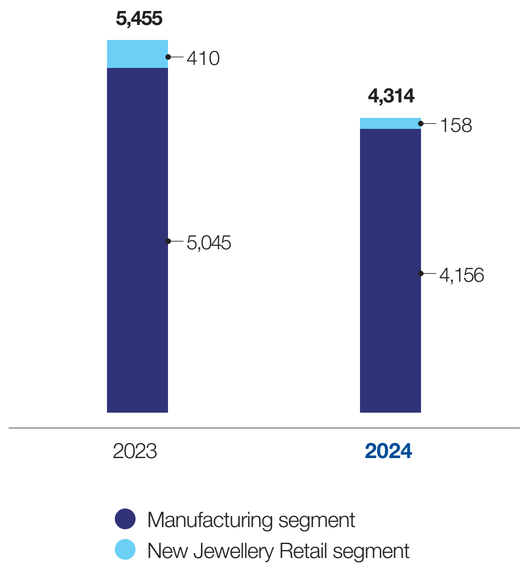
Legal advisors

Hong Kong law:

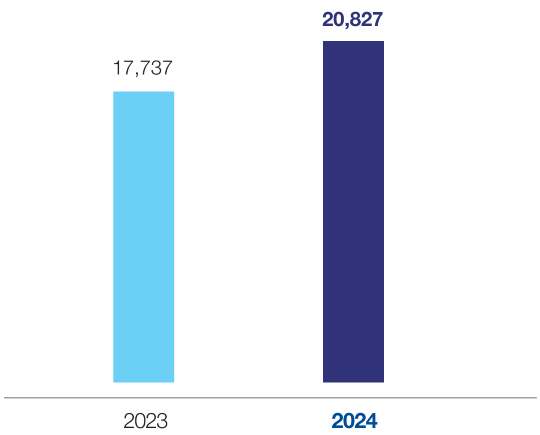
Sullivan & Cromwell (Hong Kong) LLP

FINANCIAL HIGHLIGHTS

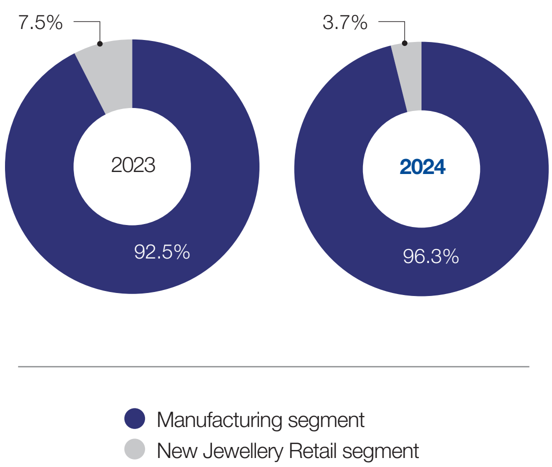
Revenue from continuing operations
(RMB million)



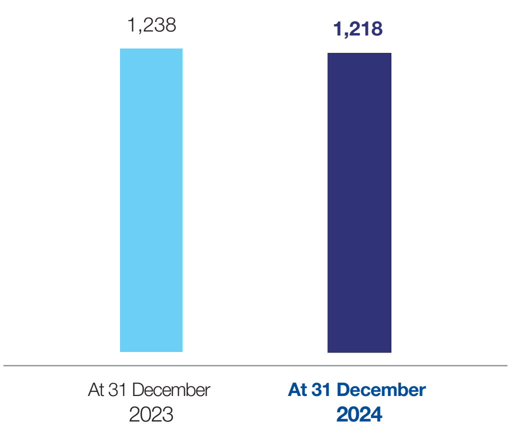
Profit attributable to Owners of the Company from continuing operations
(RMB million)



Segment Revenue
(RMB million)



Net Assets
(RMB million)



OUR MILESTONES

AUG 2024

Acquired business in exploration on mineral resources

2023

Disposed of Silver Exchange Business

2019

Fully transformed into a leading fully integrated silver, gold, palladium and precious metals enterprise in the People's Republic of China ("**PRC**")

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 agricultural products in the PRC

MAR 2018

Spin-off listing of CSMall Group Limited (Stock code: 1815) **("CSMall Group")**

2016

Acquired Silver Exchange Business

2014

Developed New Jewellery Retail Business

2002

Silver Manufacturing

2012

Listing in Hong Kong

SELECTED BRANDS AND PRODUCTS

CHAIRMAN'S STATEMENT

On behalf of China Silver Group Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**we**"), I am pleased to present the annual results of the Group 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

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

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

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

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

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

(ii) in respect of the Group's Manufacturing segment, due to a decrease in macro demand in silver ingots, the amount of external sales of silver ingots for 2024 had reduced compared to 2023, and recorded a decrease in segment profit of approximately RMB55.5 million for 2023 to approximately RMB49.2 million for this year. Nonetheless, benefiting from a reduction in cost of sales as a result of improved cost control, the segment had recorded a slight increase in gross profit margin for 2024; and

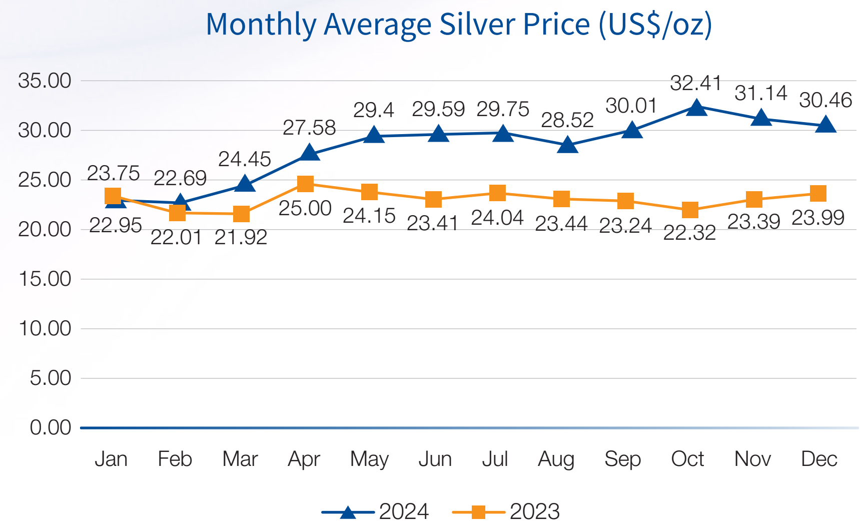
(iii) in respect of the Group's Fresh Food Retail segment, which constituted part of the Group prior to the disposal of such segment on 13 January 2025 (classified as the Group's discontinued operation), given that the "Nongmuren" S2B2C platform had been continuously undergoing business reorganization and adjusting its business strategies throughout 2024, the sales volume for 2024 had significantly reduced compared to that of 2023. In addition, a net provision for impairment loss under expected credit loss model of approximately RMB28.1 million was recognized for 2024 in respect of the segment's trade and other receivables, as compared to approximately RMB11.1 million for 2023, resulting in an increase in segment loss of approximately RMB27.5 million for 2023 to approximately RMB44.6 million for 2024.

Manufacturing Segment

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

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

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



New Jewellery Retail Segment operated under CSMall Group

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

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

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

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

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

Online Sales Channels

Offline Retail and Service Network

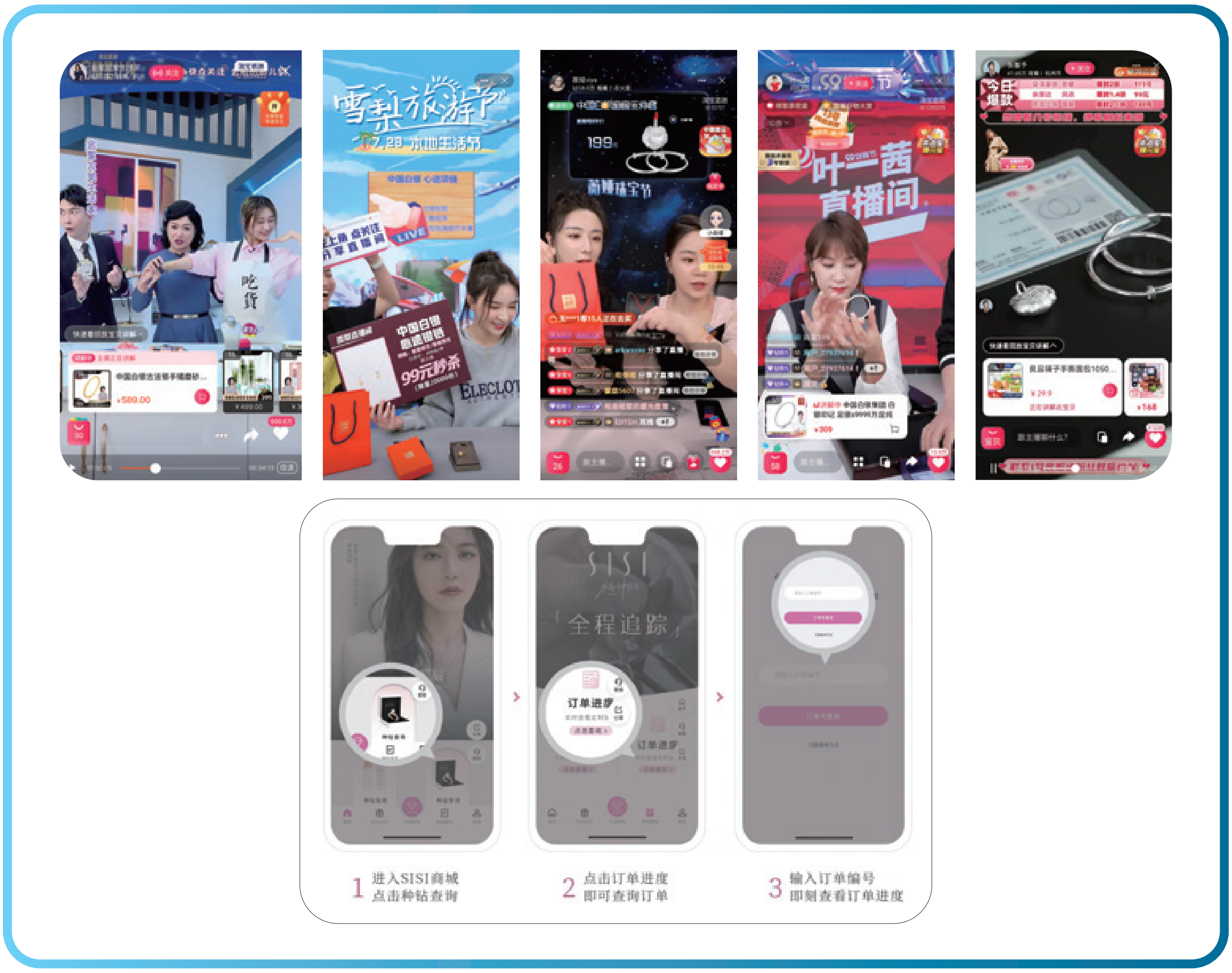
- CSmall Shops
- Shenzhen Exhibition Hall

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 enhanced substantially.

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



Offline Retail and Service Network

(1) CSmall Shops

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

(2) Shenzhen Exhibition Hall

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


中國白銀


中國白銀


SISI
SISI

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 exploration progressed, Sichuan Metallurgical Geological Survey Institute engaged by Tibet Longtianyong which possess relevant national geological qualifications, completed the general exploration field work during the year and compiled a report on the general exploration work. The Group is in the process of positioning itself to capitalize on the ongoing rise in gold prices. Its gradual shift of strategic focus on mining operations upstream hopefully will present significant opportunities for future growth and value creation.

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

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

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

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

Prospects

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

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

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

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 Gold Deposit in GodüTownship, 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 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 segment and the expected recovery of the consumer market, the Group will maintain stable operation of its core gold, silver and jewellery segment, and seek more breakthroughs in product research and development and channel expansion.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing operations

Revenue

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

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

Manufacturing segment

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

New Jewellery Retail segment operated under CSMall Group

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

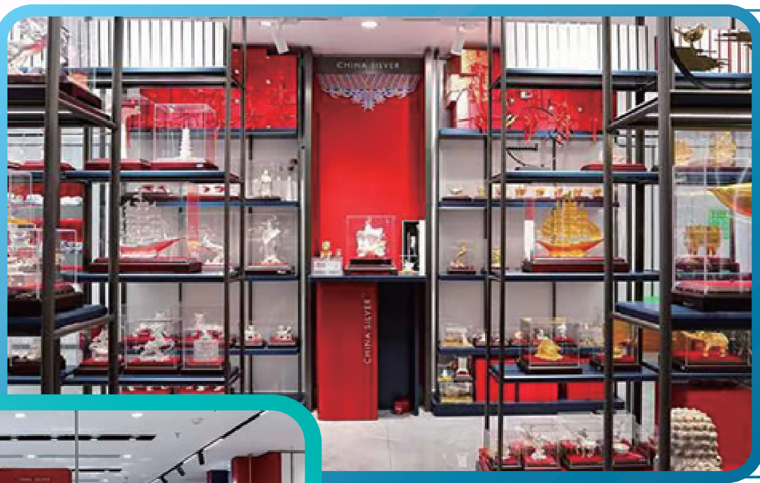
Cost of sales

Our cost of sales is comprised of:

(i) cost of sales in Manufacturing segment, mainly represented by the cost of raw materials consumed, purchase cost of silver, direct labor and manufacturing overhead in the manufacturing process. Cost of raw materials consumed and purchase cost of silver accounted for over 90% of cost of sales in the Manufacturing segment. The purchase cost of raw materials is determined by the content levels of silver at market prices at the time of purchase;

(ii) cost of sales in New Jewellery Retail segment operated under CSMall Group, mainly represents cost of materials used for the production of gold, silver and jewellery products. Except for silver, other materials like gold, amber and diamond are sourced from independent third parties;

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



Gross profit and gross profit margin

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

Selling and distribution expenses

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

Administrative expenses

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

Other gains and losses

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

Other income

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

Income tax

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

Profit attributable to owners of the Company

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

Discontinued operations

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

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

Inventories, trade receivables and trade payables turnover cycle

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

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

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

Bank and other borrowings

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

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

Capital expenditures

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

Pledge of assets

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

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

Capital commitments

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

Contingent liabilities

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

Employees

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

Liquidity and financial resources

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

Dividend

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

Significant investment held, material acquisition and disposal

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

Significant event after the reporting period

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

On 20 January 2025, the Group and two subscribers entered into the subscription agreements pursuant to which two subscribers had agreed to subscribe for and the Company had agreed to allot and issue 388,044,853 new ordinary shares of nominal value of HK$0.01 each in the share capital of the Company in total (in aggregate representing approximately 16.57% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares immediately upon the completion of the two subscriptions) at the subscription price of HK$0.252 per subscription share to each of the subscribers, which shall be satisfied by way of offsetting against the outstanding principal amount and interest accrued under their loans due from Jiangxi Longtianyong (an indirect wholly-owned subsidiary of the Group) to them up to the date of the subscription completion. Completion of each subscription took place on 28 January 2025. For details, please refer to the announcements published on 20 January 2025 and 28 January 2025.

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

Closure of register of members

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Wantian (陳萬天), aged 51, is the chairman and an executive Director of the Company. He is a co-founder of the Group and was appointed to the Board on 19 July 2012. Mr. Chen Wantian has over ten years of experience in the non-ferrous metal mining and processing industry. Since May 2002, Mr. Chen Wantian has served as director and deputy general manager of Jiangxi Longtianyong Nonferrous Metals Co., Ltd. (江西龍天勇有色金屬有限公司). He is responsible for the overall corporate strategies, management, planning and business development of the Group.

As at 31 December 2024, Mr. Chen Wantian had an interest in the shares of the Company and of CSMall Group, the details of which are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in the Report of the Directors contained in this annual report.

Mr. Song Guosheng (宋國生), aged 62, is the vice president and an executive Director of the Company. Mr. Song Guosheng joined the Group in 2002 and was appointed to the Board on 16 August 2012. Mr. Song Guosheng has approximately 20 years of experience in the production management in the non-ferrous metallurgical industry. He is responsible for production management of the Group.

Mr. Song Guosheng graduated from Suzhou University of Science and Technology Trade Unions (蘇州職工科技大學) in July 2004 with a diploma of business management.

As at 31 December 2024, Mr. Song Guosheng had an interest in the shares of the Company, the details of which are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in the Report of the Directors contained in this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Song Hongbing (宋鴻兵), aged 56, was appointed as an independent non-executive Director on 28 December 2015. Mr. Song Hongbing is a well-known Chinese economist with focus on the areas of global financial history and international commodity market. Mr. Song Hongbing was elected by BusinessWeek as one of the 40 most influential persons in China.

Mr. Song Hongbing graduated from Northeastern University in 1990 with a bachelor's degree in engineering. He obtained a master's degree in education from American University in 1996.

Dr. Zeng Yilong (曾一龍), aged 53, was appointed as an independent non-executive Director on 5 December 2012. Dr. Zeng Yilong has approximately 20 years of experience in accounting, auditing and financial management. Dr. Zeng Yilong is the partner of Oriental Fortune Capital Investment Management Co. Ltd. (東方富海投資管理股份有限公司), a reputable private equity fund management Company in the PRC.

Dr. Zeng Yilong obtained his master's degree in Business Administration and a doctoral degree in Business Administration (Accounting) from Xiamen University (廈門大學) in July 2000 and December 2006, respectively.

Ms. Song Fangxiu (宋芳秀), aged 48, is currently deputy secretary of the Party Committee of the School of Economics, professor and doctoral supervisor at the Department of Finance, Peking University; and director of the China Center for Financial and Investment Research, Peking University. Ms. Song Fangxiu has been teaching at the School of Economics, Peking University since 2003. She has served as lecturer, associate professor, Party Committee member of the School of Economics, deputy director of the Department of Finance and assistant to the dean of the School of Economics. From 2006 to 2007, she was a visiting scholar at the University of Minnesota in the United States.

Ms. Song Fangxiu graduated from the Department of Finance of the School of Economics, Peking University with a doctoral degree in 2003. Her research focuses on monetary theories and policies, international finance and asset pricing. She has published more than 50 academic papers on key journals of economics, and has authored books such as Asset Allocation Mechanisms and Interest Rate Liberalization in China's Transition Economy and Comparison of Currency Internationalization Between China and the United States and a number of translations. She has hosted three provincial or ministerial level research subjects in the National Social Science Fund Project and the Beijing Philosophy and Social Science Project, and has participated in a number of national and provincial level research subjects.

Ms. Song Fangxiu has served as an independent non-executive director of China CITIC Bank Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 998; and the Main Board of the Shanghai Stock Exchange, stock code: 601998) since October 2023.

SENIOR MANAGEMENT

Mr. Chan Hon To (陳瀚濤), aged 48, was appointed as the chief financial officer of the Company on 17 June 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 secretary. 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 of directors (the "**Board**", its member(s), the "**Director(s)**") comprises two executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). During the year ended 31 December 2024, the Company has complied with the code provisions under the CG Code, except for code provision C.2.1:

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

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 throughout 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.

As at the date of this report, the Board comprised two executive Directors and three independent non-executive Directors (while one executive Director and one independent non-executive Directors resigned during the year) as follows:

Executive Directors

Mr. Chen Wantian (Chairman and Chief Executive Officer)
Mr. Song Guosheng
Mr. Liu Jiandong (Resigned on 25 November 2024)

Independent Non-executive Directors

Mr. Song Hongbing
Ms. Song Fangxiu (Appointed on 25 November 2024)
Dr. Zeng Yilong
Dr. Li Haitao (Resigned on 25 November 2024)

In compliance with Rule 3.09D of the Listing Rules, Ms. Song Fangxiu received training and legal advice on 22 November 2024, prior to her appointments taking effect. Ms. Song 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 4 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 annual general meeting of the Company during the year ended 31 December 2024 :

	Attendance at meetings	
	Board meetings	Annual general meeting
Executive Directors		
Mr. Chen Wantian (Chairman)	4/4	1/1
Mr. Song Guosheng	4/4	1/1
Mr. Liu Jiandong (Resigned on 25 November 2024)	4/4	1/1
Independent Non-executive Directors		
Mr. Song Hongbing	4/4	1/1
Ms. Song Fangxiu (Appointed on 25 November 2024)	0/0	0/0
Dr. Zeng Yilong	4/4	1/1
Dr. Li Haitao (Resigned on 25 November 2024)	4/4	0/1

(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 as at the date of this report 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.

(vii) Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, which is terminable by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years, 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.

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 and the Company has achieved such objective during the year. 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.

(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 the 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 for 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**") on 29 March 2022 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	20% (1)	80% (4)
Senior management	0% (0)	100% (1)
Other employees	59% (105)	41% (73)
Overall workforce	58% (106)	42% (78)

To comply with Rule 13.92 of the Listing Rules, the Company has included a female director to join the Board in 2024. 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 58% of the total workforce. The Board is of the view that the Group has achieved gender diversity among employees.

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

AUDIT COMMITTEE

The Board established an audit committee (the "**Audit Committee**") on 5 December 2012 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, Dr. Zeng Yilong (Chairman), Mr. Song Hongbing and Ms. Song Fangxiu as at the date of this report. The terms of reference of the Audit Committee were revised and adopted on 30 December 2015 to include additional responsibility in relation to the risk management system arising from the Stock Exchange's proposal on the risk management and internal control under the Code applicable to all listed companies with accounting periods beginning on or after 1 January 2016. 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 3 meetings. The members of Audit Committee reviewed and discussed with the external auditors 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 auditors 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 auditors, the audit fee, and any question of resignation or dismissal.
- To discuss with the external auditors the nature and scope of the audit.
- To review and monitor the external auditors' 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 auditors, 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 auditors may wish to discuss.
- To review the external auditors' 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
Dr. Zeng Yilong (Chairman)	3/3
Ms. Song Fangxiu (Appointed on 25 November 2024)	0/0
Mr. Song Hongbing	3/3
Dr. Li Haitao (Resigned on 25 November 2024)	3/3

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

AUDITOR'S REMUNERATION

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

Service category	Fees paid/ payable RMB
Audit services	2,124,000
Non-audit services	
– Interim results review	462,000
– Others (including announcements)	32,000

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 auditors 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 167.

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, Internal Audit Department has performed independent review of the adequacy and the 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.

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 on 5 December 2012 with written terms of reference in compliance with the CG Code. The Nomination Committee comprises Mr. Chen Wantian (Chairman), Mr. Song Hongbing and Ms. Song Fangxiu, 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.

During the year ended 31 December 2024, the Nomination Committee held 2 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, 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 Wantian (Chairman)	2/2
Ms. Song Fangxiu (Appointed on 25 November 2024)	0/0
Mr. Song Hongbing	2/2
Dr. Li Haitao (Resigned on 25 November 2024)	2/2

REMUNERATION COMMITTEE

The Board established the Remuneration Committee on 5 December 2012 with written terms of reference and revised terms of reference on 30 December 2022 in compliance with the CG Code. Under Rule 3.25 of the Listing Rules, a majority of the members of the remuneration committee should be independent non-executive directors and the remuneration committee should be chaired by an independent non-executive director. The Remuneration Committee comprises Ms. Song Fangxiu (Chairman), Mr. Chen Wantian and Mr. Song Hongbing in which Ms. Song Fangxiu and Mr. Song Hongbing are independent non-executive Directors.

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of the Directors and senior management personnel of the Group and to ensure that no Director or any of his associates is involved in deciding his own remuneration. 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 2 meetings. The members of Remuneration Committee reviewed and made recommendations to the Board on the remuneration policies 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. Chen Wantian	**2/2**
Ms. Song Fangxiu (Appointed on 25 November 2024)	**0/0**
Mr. Song Hongbing	**2/2**
Dr. Li Haitao (Resigned on 25 November 2024)	**2/2**

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 the 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 executive 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

During the year ended 31 December 2024, Mr. Chan Hon To, the company secretary of the Company, undertook not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

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.chinasilver.hk.

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.

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.chinasilver.hk 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 at Unit 5, 17/F, China Merchants Tower, 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 and deposited at the company secretary at the Company's principal place of business at Unit 5, 17/F, China Merchants Tower, 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 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 Company's memorandum and articles of association is available on the Company's website and the Stock Exchange's website.

On behalf of the Board
Chen Wantian
Chairman

Hong Kong, 27 March 2025

REPORT OF THE DIRECTORS

The directors of our Company (the "**Directors**") are pleased to report the audited consolidated financial statements of our Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024.

REORGANISATION AND GLOBAL OFFERING

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 July 2012 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation, as fully explained in the section of "History, Reorganization and Group Structure" in the prospectus of the Company dated 14 December 2012 (the "**Prospectus**") in connection with the proposed listing of the Company's shares (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of the companies now comprising the Group. The Shares were listed on the Stock Exchange on 28 December 2012 (the "**Listing**").

Our Company carried out a spin-off and separate listing of its New Jewellery Retail business, which is owned and operated by CSMall Group Limited (stock code: 1815) (the "**CSMall Group**") and its subsidiaries, on the Main Board of the Stock Exchange. The shares of CSMall Group were listed on the Stock Exchange on 13 March 2018. As at the date of this report, our Company held approximately 40.39% interest in the issued share capital of CSMall Group.

PRINCIPAL ACTIVITIES

The principal activity of our Company is investment holding and the Group was principally engaged in two principal operating segments, including (i) the manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC (the "**Manufacturing segment**"), and (ii) the new jewellery retail segment operated under CSMall Group, being the designing and sale of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC (the "**New Jewellery Retail segment**").

The operation of a Fresh Food Retail segment operated under CSMall Group, 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 6 to 16 and "Management Discussion and Analysis" on pages 17 to 23 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 activities comprise the Manufacturing segment and New Jewellery Retail segment. The Group is exposed to a variety of key risks including credit risk, interest risk, liquidity risk, operational risk, regulatory risk, policy risk 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. The Group generates dust, sulfur dioxide, wastewater and noise during the production process of silver and other non-ferrous metals. To minimise the impact of such production emission, the Group has installed equipment to process and dispose of industrial waste pursuant to the requirements under the relevant PRC laws and regulations. The management has also formulated environment management policy for the Group based on applicable environmental laws, regulations and standards and environmental facilities inspection policies. The environmental protection and work safety department is responsible for designing and reviewing the environmental protection management systems and 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 downstream manufacturers, traders of the Manufacturing segment and consumers of the New Jewellery Retail segment. 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 raw material and silver ingots suppliers of the Manufacturing segment, and suppliers and business partners of the New Jewellery Retail segment.

(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.

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 years ended 31 December 2024 and 2023. 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 168 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 largest customer accounted for approximately 41.5% (2023: 68.6%) and 19.2% (2023: 24.8%) 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 51.9% (2023: 48.9%) and 24.0% (2023: 13.4%) 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 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 31 to the consolidated financial statements.

RESERVES

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

As of 31 December 2024, the reserves of our Company available for distribution to shareholders amounted to RMB248,146,000 (2023: RMB256,421,000).

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 bank and other borrowings of the Group as of 31 December 2024 are set out in Note 30 respectively to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Mr. Chen Wantian
Mr. Song Guosheng
Mr. Liu Jiandong (Resigned on 25 November 2024)

Independent Non-Executive Directors:

Mr. Song Hongbing
Ms. Song Fangxiu (Appointed on 25 November 2024)
Dr. Zeng Yilong
Dr. Li Haitao (Resigned on 25 November 2024)

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 24 to 25 of this annual report.

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

Each of the executive Directors has entered into a service agreement with the Company for a term of three years. Each of the independent non-executive Directors has signed a letter of appointment with the Company for a term of three years. 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 holding 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 share option schemes as incentives for eligible employees, details of which are set out in the paragraph headed "Share Option Schemes" below.

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

As of 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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:

(i) Interests in Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares[1]	Approximate percentage of interest in our Company
Mr. Chen Wantian	Beneficiary of a trust[2]	308,222,187	15.77%
	Beneficial interest[2]	1,050,000	0.05%
Mr. Song Guosheng	Beneficial interest[3]	456,797	0.02%

Notes:

1. All interests are long positions.

2. Mr. Chen Wantian is deemed to be interested in 308,222,187 Shares owned by Rich Union Enterprises Limited as his spouse, Ms. Zhou Peizhen, owns the entire issued share capital of Rich Union Enterprises Limited. The entire issued share capital of Rich Union Enterprises Limited has been transferred from Mr. Chen Wantian to his spouse, Ms. Zhou Peizhen, on 19 June 2023. Ms. Zhou Peizhen has declared that all such Shares are held in trust for the benefit of Mr. Chen Wantian. Further, Mr. Chen Wantian is the beneficial owner of 1,050,000 Shares.

3. Mr. Song Guosheng is the beneficial owner of 456,797 Shares.

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

Name of director	Capacity/Nature of interest	Number of shares[1]	Approximate percentage of interest in CSMall Group
Mr. Chen Wantian	Beneficiary of a trust[2]	10,462,036	0.85%
	Beneficial interest[2]	17,500	0.00%

Notes:

1. All interests are long positions.

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

Save as disclosed above, as at 31 December 2024, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, our Company was notified of the following substantial shareholders' interests and short positions in the Shares and underlying Shares, being interests of 5% or more.

Interests in Shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of Shares[1]	Approximate percentage of interest in our Company
Ms. Zhou Peizhen (周佩珍)	Interest in controlled corporation[2]	308,222,187	15.77%
	Interest of spouse[2]	1,050,000	0.05%

Notes:

1. All interests are long positions.

2. The entire issued share capital of Rich Union Enterprises Limited has been transferred from Mr. Chen Wantian to his spouse, Ms. Zhou Peizhen, on 19 June 2023. Ms. Zhou Peizhen has declared that all such Shares are held in trust for the benefit of Mr. Chen Wantian. Mr. Chen Wantian is the beneficial owner of 1,050,000 Shares

Save 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

As disclosed in the Prospectus, each of Mr. Chen Wantian, Ms. Zhou Peizhen and Rich Union Enterprises Limited (the "**Controlling Shareholders**") has executed a deed of non-competition in favor of the Company (the "**Deed of Non-Competition**") through which they have jointly and severally undertaken to the Company not to, and will procure that none of their respective associates, (a) directly or indirectly engage, participate or hold any right or interest in or otherwise be involved in any business in competition with or likely to be in competition with our existing business activity or any principal business activity of any member of the Group or be in competition with us in any business activities which we may undertake in the future (the "**Restricted Business**") save for (i) the holding of not more than 5% shareholding interests (individually or any of the Controlling Shareholders with their associates collectively) in any listed company in Hong Kong; or (ii) the holding of shares in any listed company in Hong Kong where the Restricted Business conducted or engaged in by such company accounts for less than 10% of the relevant company's consolidated turnover or consolidated assets, or (iii) where the Controlling Shareholders are already, directly or indirectly, interested or invested in the operations of companies which are engaging in Restricted Business and details of which have been specifically disclosed in the Prospectus, or (b) take any direct or indirect action which constitutes an interference with or a disruption to our business activities including, but not limited to, solicitation of our customers, suppliers or staff.

To the best knowledge and belief of the Directors, the Deed of Non-Competition had ceased to have any effect on Ms. Zhou Peizhen as she ceased to be a controlling shareholder (as defined under the Listing Rules) of the Company on 11 July 2014. Subsequently, in light of the circumstances described in Note 2 under the paragraph headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" above, Ms. Zhou Peizhen again became a controlling shareholder (as defined under the Listing Rules) of the Company on 19 June 2023.

Each of Mr. Chen Wantian, Ms. Zhou Peizhen and Rich Union Enterprises Limited has provided a written confirmation to the Company confirming that he/she/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 each of Mr. Chen Wantian, Ms. Zhou Peizhen and Rich Union Enterprises Limited and confirmed that, as far as they can ascertain, each of Mr. Chen Wantian, Ms. Zhou Peizhen and Rich Union Enterprises Limited 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 are set out in Note 35 to the consolidated financial statements. Those related party transactions did not constitute connected transactions under the Listing Rules.

On 15 August 2024, Jiangxi Jiyin Company Limited* (江西吉銀實業有限公司), a wholly-owned subsidiary of CSMall and a non-wholly-owned subsidiary of China Silver, as the purchaser, and Jiangxi Huiying Trading Company Limited* (江西輝穎貿易有限公司) as the 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) ("**Tibet Longtianyong**"), 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 a brother of Mr. Chen Wantian (陳萬天), the chairman and an executive director of the Company. Accordingly, Mr. Chen Wancheng is also an associate of a connected person of the Company. Mr. Chen Zhiyong is a director of Zhejiang Fuyin Lithium Company Limited* (浙江富銀鋰業有限公司) and Jiangxi Fuhui Lithium Company Limited* (江西富輝鋰業有限公司), both of which are subsidiaries of the Company. Accordingly, Mr. Chen Zhiyong is 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.

Save as disclosed, for the year ended 31 December 2024, the Group had not entered into any connected transactions nor continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules.

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, one of the 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**") 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**" or the "**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 "**Nongmuren VIE Structure**") through the contractual arrangements (the "**Nongmuren VIE Agreements**").

During the year ended 31 December 2023, other than Nongmuren VIE Agreements, the Group also had VIE Agreements in respect of the ten months ended 31 October 2023 with certain PRC nationals to control, Shanghai Huatong Silver Exchange* (上海華通鉑銀交易市場有限公司) ("**Shanghai Huatong**", together with its subsidiaries, the "**Huatong Structured Entities**"), a limited liability company established in the PRC, pursuant to which the economic benefits and control of Shanghai Huatong are transferred to the relevant subsidiary of the Company through the contractual arrangements (the "**Huatong VIE Agreements**").

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).

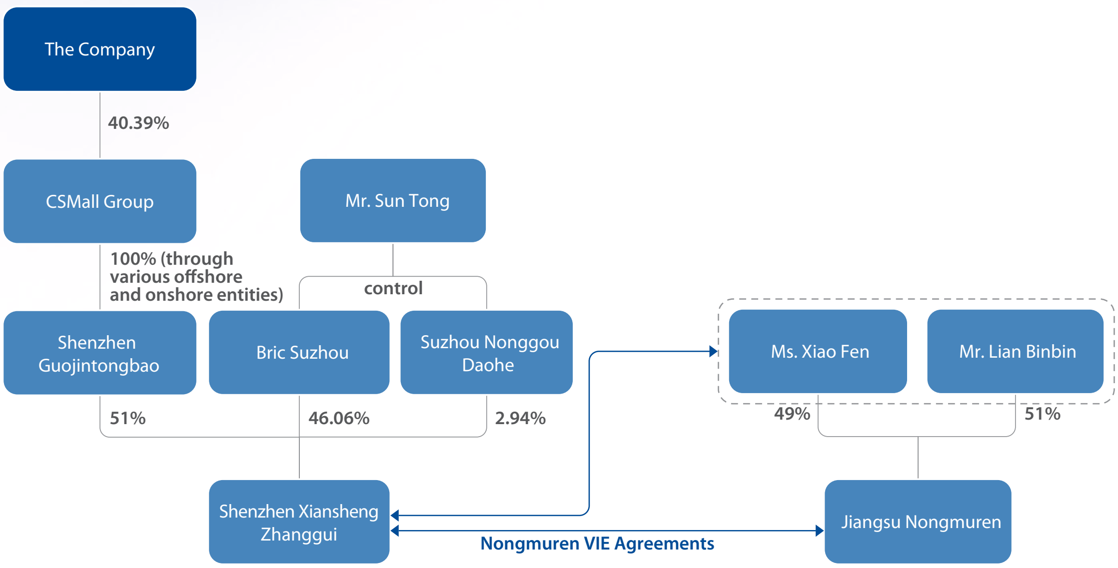
Given that the foreign investment in the industries in which the Structured Entities operate are subject to restrictions under PRC laws and regulations, the Nongmuren VIE Agreements were entered into to allow the Company to exercise control over the operations of the Structured Entities and enjoy the economic benefits generated by the Structured Entities via the contractual arrangements.

The Nongmuren 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 Nongmuren 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.

(i) Nongmuren VIE Structure

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 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.

(ii) Business activities of the Structured Entities, and significance and financial contribution of the Structured Entities to the Group

Jiangsu Nongmuren is the developer and operator of the "農牧人" ("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.

During the year ended 31 December 2024, the Structured Entities were significant to the Group as they held relevant licenses to provide internet information services. The following table sets out the registered owners and business activities of the Structured Entities:

Name of the operating company	Registered Owners
Jiangsu Nongmuren	51% by Mr. Lian Binbin 49% by Ms. Xiao Fen

The following tables set out the financial contribution of the Structured Entities to the Group:

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

(iii) Risks and mitigation relating to the Nongmuren VIE Structure

In connection with the Nongmuren 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, Nongmuren VIE Agreements, corporate governance and business operations of the Group and the Structured Entities. If the PRC government finds that the Nongmuren VIE Agreements and/or the Structured Entities to operate certain businesses in the PRC through the Nongmuren 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 Nongmuren VIE Agreements and forced relinquishment of the interests received through the Nongmuren VIE Agreements.

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

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

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

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

(f) The relevant subsidiaries of the Group bear as the primary beneficiaries of the Structured Entities, financial support to the Structured Entities and potential exposure of the Structured Entities to losses.

(g) The Nongmuren 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 Nongmuren VIE Agreements and the business operation of the Company and the Structured Entities.

In case there would be material and adverse effect on the Company or the business of the Structured Entities 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 Nongmuren 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 Nongmuren VIE Structure and will take all necessary actions to protect the Company's interest in Jiangsu Nongmuren.

(iv) Material changes

Save as disclosed above and below, 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.

(v) 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. Up to the date of this report, other than the 2014 VIE Agreements which were unwound on 22 August 2017, the Huatong VIE Agreements which were unwound on 1 November 2023 and the Nongmuren VIE Agreements which were unwound on 13 January 2025, the Group did not have any other VIE Agreements. All VIE Agreements of the Group have been unwound.

During the year ended 31 December 2023, along with the disposal of Ultimate Deal Group Limited, the Huatong VIE Agreements were terminated. Up to 31 December 2023, other than the 2014 VIE Agreements which were unwound on 22 August 2017 and the Huatong VIE Agreements which were unwound on 1 November 2023, none of the VIE Agreements has been unwound.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 5 December 2012 (the "**2012 Scheme**") and 21 April 2015 (the "**2015 Scheme**", together with the 2012 Scheme, the "**Share Option Schemes**") respectively. The purpose of the Share Option Schemes is to reward participants who have contributed to our Group and to encourage participants to work towards enhancing the value of our Group. Further details of the Share Options Schemes are set out in Note 33 to the consolidated financial statements.

Details of the movement of the share options granted under the 2012 Scheme during the year ended 31 December 2024 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as of 1.1.2024	Lapsed during the year	Exercised during the year	Outstanding as of 31.12.2024
Directors							
Mr. Chen Wantian	20 August 2014	HK$2.20	20 August 2015 – 19 August 2024	2,200,000	(2,200,000)	–	–
Mr. Song Guosheng	20 August 2014	HK$2.20	20 August 2015 – 19 August 2024	500,000	(500,000)	–	–
Employees*							
In aggregate	20 August 2014	HK$2.20	20 August 2015 – 19 August 2024	21,000,000	(21,000,000)	–	–
	2 January 2015	HK$1.80	2 January 2016 – 1 January 2025	44,800,000	–	–	44,800,000
				68,500,000	(23,700,000)	–	44,800,000

* includes a consultant who has a labour contract with the Group.

The total number of Shares available for issue under the 2012 Scheme at the beginning and the end of the financial year is 68,500,000 and 44,800,000 respectively, representing approximately 3.51% and 2.29% of the Company's issued share capital as at 31 December 2024 and representing approximately 2.92% and 1.91% of the Company's issued share capital as at the date of this report.

Details of the movement of the share options granted under the 2015 Scheme during the year ended 31 December 2024 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as of 1.1.2024	Lapsed during the year	Exercised during the year	Outstanding as of 31.12.2024
Employees							
In aggregate	27 August 2015	HK$1.97	27 August 2016 – 26 August 2025	81,000,000	–	–	81,000,000
				81,000,000	–	–	81,000,000

The total number of Shares available for issue under the 2015 Scheme at the beginning and the end of the financial year is 81,000,000, representing approximately 4.15% of the Company's issued share capital as at 31 December 2024 and representing approximately 3.46% of the Company's issued share capital as at the date of this report.

The number of options available for grant under the scheme mandate under all Share Option Schemes at the beginning and the end of the financial year is 132,059,658.

Note 1: The closing price per Share immediately before 20 August 2014, 2 January 2015 and 27 August 2015 (the date on which the share options were granted) was HK$2.20, HK$1.80 and HK$1.87 respectively.

Note 2: Share options granted under the 2012 Scheme on 20 August 2014 are exercisable during the period from 20 August 2015 to 19 August 2024 in three batches, being:

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

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

- 2 January 2016 to 1 January 2025 (up to 30% of the share options granted are exercisable)
- 2 January 2017 to 1 January 2025 (up to 60% of the share options granted are exercisable)
- 2 January 2018 to 1 January 2025 (all share options granted are exercisable)

Note 3: Share options granted under the 2015 Scheme on 27 August 2015 are exercisable during the period from 27 August 2016 to 26 August 2025 in two batches, being:

- 27 August 2016 to 26 August 2025 (up to 50% of the share options granted are exercisable)
- 27 August 2017 to 26 August 2025 (all share options granted are exercisable)

EQUITY-LINKED AGREEMENTS

Save as the Share Option Schemes disclosed above, 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 RMB 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 auditors 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.

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 for the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164 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 43 of this annual 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 Wantian
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 CHINA SILVER GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Silver Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 67 to 167, 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.

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 22 to the consolidated financial statements, the carrying amount of inventories in the consolidated statement of financial position as at 31 December 2024 amounted to RMB1,111,866,000, 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 items subsequent to year end and market quotations of similar inventory 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.

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 silver ingots and sales of jewellery. For the year ended 31 December 2024, the recognised revenue of the Group was RMB4,313,714,000, 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.

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.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 operations			
Revenue	6	**4,313,714**	5,455,006
Cost of sales		**(4,202,621)**	(5,346,381)
Gross profit		**111,093**	108,625
Other income, net	7	**5,740**	10,425
Other gains and losses, net	8	**(2,545)**	(9,953)
Selling and distribution expenses		**(18,636)**	(23,560)
Administrative expenses		**(44,375)**	(50,927)
Research and development expenses	9	**(789)**	(771)
Provision for impairment loss under expected credit loss model, net	10	**(2,301)**	(2,727)
Finance costs	11	**(26,639)**	(25,091)
Profit before income tax		**21,548**	6,021
Income tax credit (expense)	12	**859**	(923)
Profit for the year from continuing operations	13	**22,407**	5,098
Discontinued operations			
Loss for the year from discontinued operations	25	**(44,609)**	(25,065)
Loss for the year		**(22,202)**	(19,967)
Other comprehensive income, net of income tax			
Item that will not be reclassified to profit or loss:			
Fair value gain on investment in an equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**–**	184
Loss and total comprehensive expense for the year		**(22,202)**	(19,783)

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)
Profit (loss) for the year attributable to:			
Owners of the Company		**9,966**	14,549
Non-controlling interests		**(32,168)**	(34,516)
		(22,202)	(19,967)
Profit (loss) for the year attributable to Owners of the Company arises from:			
Continuing operations		**20,827**	17,737
Discontinued operations		**(10,861)**	(3,188)
		9,966	14,549
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**9,966**	14,733
Non-controlling interests		**(32,168)**	(34,516)
		(22,202)	(19,783)
Total comprehensive income (expense) for the year attributable to Owners of the Company arises from:			
Continuing operations		**20,827**	17,921
Discontinued operations		**(10,861)**	(3,188)
		9,966	14,733
		RMB	RMB
Profit per share	16		
For continuing and discontinued operations			
Basic		**0.005**	0.007
Diluted		**0.005**	0.007
For continuing operations			
Basic		**0.011**	0.009
Diluted		**0.011**	0.009

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

AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	17	**98,915**	113,033
Goodwill	20	**–**	12,476
Right-of-use assets	18	**19,057**	20,300
Intangible assets	19	**6,796**	8,910
Investment in associates		**–**	12
Deferred tax assets	21	**4,932**	4,709
		129,700	159,440
Current assets			
Inventories	22	**1,111,866**	1,087,498
Trade and other receivables	23	**140,542**	142,793
Income tax recoverable		**736**	736
Pledged bank deposits	24	**39,800**	107,900
Bank balances and cash	24	**526,342**	524,682
		1,819,286	1,863,609
Assets of a disposal group classified as held for sale	25	**29,890**	–
		1,849,176	1,863,609
Current liabilities			
Trade, bills and other payables	26	**198,200**	318,019
Lease liabilities – current portion	28	**699**	3,989
Contract liabilities	29	**5,577**	3,584
Amounts due to non-controlling interests	27	**6,396**	22,513
Amount due to the ultimate shareholder	27	**40,010**	–
Deferred income	32	**714**	714
Income tax payable		**8,501**	9,290
Bank and other borrowings	30	**400,921**	421,200
		661,018	779,309
Liabilities directly associated with assets classified as held for sale	25	**97,732**	–
		758,750	779,309
NET CURRENT ASSETS		**1,090,426**	1,084,300
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,220,126**	1,243,740

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	31	**15,935**	15,935
Share premium and reserves		**445,502**	435,536
Equity attributable to the owners of the Company		**461,437**	451,471
Non-controlling interests		**756,911**	786,629
TOTAL EQUITY		**1,218,348**	1,238,100
Non-current liabilities			
Deferred tax liabilities	21	**–**	1,355
Lease liabilities – non-current portion	28	**409**	2,202
Deferred income	32	**1,369**	2,083
		1,778	5,640
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**1,220,126**	1,243,740

The consolidated financial statements on pages 67 to 167 were approved and authorised for issue by the Board of Directors on 27 March 2025 and were signed on its behalf by:

Chen Wantian
Director

Song Guosheng
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	Share options reserve RMB'000	Capital reserve RMB'000 (Note i)	Statutory reserve RMB'000 (Note ii)	Exchange reserve RMB'000	FVTOCI reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	15,935	1,255,434	90,366	129,731	214,306	(2,736)	(1,615)	(1,264,683)	436,738	821,145	1,257,883
Profit (loss) for the year	–	–	–	–	–	–	–	14,549	14,549	(34,516)	(19,967)
Other comprehensive income for the year	–	–	–	–	–	–	184	–	184	–	184
Total comprehensive income (expense) for the year	–	–	–	–	–	–	184	14,549	14,733	(34,516)	(19,783)
Lapse of share options	–	–	(1,036)	–	–	–	–	1,036	–	–	–
Disposal of discontinued operation (Note 25)	–	–	–	–	–	–	1,431	(1,431)	–	–	–
At 31 December 2023 and 1 January 2024	15,935	1,255,434	89,330	129,731	214,306	(2,736)	–	(1,250,529)	451,471	786,629	1,238,100
Profit (loss) for the year	–	–	–	–	–	–	–	9,966	9,966	(32,168)	(22,202)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	–	9,966	9,966	(32,168)	(22,202)
Lapse of share options	–	–	(21,459)	–	–	–	–	21,459	–	–	–
Statutory reserve appropriation	–	–	–	–	331	–	–	(331)	–	–	–
Acquisition of a non-wholly owned subsidiary (Note iii)	–	–	–	–	–	–	–	–	–	2,450	2,450
At 31 December 2024	**15,935**	**1,255,434**	**67,871**	**129,731**	**214,637**	**(2,736)**	**–**	**(1,219,435)**	**461,437**	**756,911**	**1,218,348**

Notes:

(i) The capital reserve represents the sum of: (a) RMB31,487,000 being the excess of the consideration paid by an independent investor to acquire 10% interest in the Group over the par value of the share capital subscribed; (b) RMB654,000 being the excess of the share capital of a subsidiary acquired by the Company over the nominal consideration of US$1 paid, as part of the group reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 December 2012; (c) RMB115,029,000 and RMB54,303,000 being the difference between the increase in the non-controlling interests and the consideration received from the disposal of partial interest in CSMall Group Limited BVI ("**CSMall BVI**") in 2016 and 2017, respectively; (d) RMB18,000 being the difference between the increase in the non-controlling interests and the consideration received from the increase of partial interest in Yongfeng County Tongsheng Consulting Services Co., Ltd.*（永豐縣通盛顧問服務股份有限公司）("**Tongsheng**") in 2017; (e) a negative amount of RMB74,692,000 being the difference between the increase in the non-controlling interests and the net proceeds received from the initial listing of shares in a Group's subsidiary, CSMall Group Limited ("**CSMall Cayman**") in March 2018 (as detailed in Note 41(iii)); and (f) decrease of RMB4,671,000 and increase of RMB7,603,000 being the shortfall of RMB83,008,000 of the share-based payment expense paid by CSMall Cayman and excess of the proceeds of RMB136,780,000 received from a strategic investor of CSMall Cayman, respectively, over the increase in the carrying amounts of non-controlling interests as a result of share issuance.

(ii) According to the relevant laws of the People's Republic of China (the "**PRC**"), the Company's subsidiaries established in the PRC have to transfer a portion of their profits after 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.

(iii) 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 38.

* The English name is for identification purpose only.

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 operations	**21,548**	6,021
Discontinued operations	**(44,803)**	(24,828)
Loss before income tax including discontinued operation	**(23,255)**	(18,807)
Adjustments for:		
Amortisation of intangible assets	**1,136**	3,938
Bank interest income	**(1,905)**	(5,747)
Gain on early termination of leases	**–**	(1)
Depreciation of property, plant and equipment	**14,636**	16,927
Depreciation of right-of-use assets	**4,030**	5,390
Finance costs	**27,114**	25,662
Provision for impairment loss under expected credit loss model, net	**30,359**	13,809
Share of loss of associates	**–**	28
Loss on write-off and disposal of property, plant and equipment	**321**	3,988
Loss on write-off and disposal of intangible assets	**1,800**	–
Impairment loss on goodwill	**8,504**	–
Release of deferred income	**(714)**	(1,938)
Gain on disposal of discontinued operation	**–**	(1,636)
Operating cash flows before movements in working capital	**62,026**	41,613
Increase in inventories	**(24,924)**	(31,224)
Increase in refundable rental deposits	**(33)**	(157)
Increase in trade and other receivables	**(43,658)**	(46,317)
Decrease in trade, bills and other payables	**(59,860)**	(43,406)
Increase in restricted bank balances	**–**	(30,035)
Increase (decrease) in contract liabilities	**1,993**	(13,428)
Cash used in operations	**(64,456)**	(122,954)
Income tax refund	**–**	631
Net cash used in operating activities	**(64,456)**	(122,323)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000 (Restated)
Cash flows from investing activities		
Placement of pledged bank deposits	**(85,700)**	(205,800)
Withdrawal of pledged bank deposits	**153,800**	264,800
Purchase of property, plant and equipment	**(1,246)**	(4,261)
Purchase of intangible assets	**(4,997)**	–
Capital injection in associates	**–**	(40)
Proceeds from disposal of property, plant and equipment	**–**	216
Interest income received	**1,905**	5,747
Net cash outflow on acquisition of a subsidiary	**(2,487)**	–
Net cash inflow on disposal of discontinued operation	**–**	5,397
Net cash generated from investing activities	**61,275**	66,059
Cash flows from financing activities		
Proceeds from bank and other borrowings	**365,384**	281,500
Repayment of bank and other borrowings	**(377,663)**	(266,682)
Advances from non-controlling interests	**6,861**	7,046
Interest paid	**(27,263)**	(25,761)
Repayment of lease liabilities	**(2,014)**	(4,175)
Repayment to 上海華通白銀國際交易中心 ("Huatong International")	**–**	(207)
Advance from the ultimate shareholder	**40,010**	–
Net cash generated from (used in) financing activities	**5,315**	(8,279)
Net increase (decrease) in cash and cash equivalents	**2,134**	(64,543)
Cash and cash equivalents at the beginning of the year	**524,682**	589,225
Cash and cash equivalents of assets classified as held for sale	**(474)**	–
Cash and cash equivalents at the end of the year	**526,342**	524,682

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

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.

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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Business combination and asset acquisitions

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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Business combination and asset acquisitions (Continued)

Business combinations (Continued)

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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(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;

– 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Revenue from contracts with customers (Continued)

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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Leases (Continued)

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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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.

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 Group accounts for a lease modification as a separate lease if:

- 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 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 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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.12 Taxation (Continued)

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.

2.13 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.14 Intangible assets (Continued)

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 its 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.

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

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.

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 CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. 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 cash-generating units. 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 cash-generating units. 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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).

2.18 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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

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.

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 and 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.20 Investments in associates and joint ventures (Continued)

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.

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).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.20 Investments in associates and joint ventures (Continued)

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.

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, refundable rental deposits, pledged bank deposits and bank balances) 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.

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 amounts due to non-controlling interests, amount due to the ultimate shareholder, trade, bills and other payables, lease liabilities and bank and other 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 shareholders 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 amounts due to non-controlling interests, amount due to the ultimate shareholder, trade, bills and other payables, lease liabilities and bank and other borrowings, net of bank and cash equivalents and equity attributable to owners of the Company, comprising 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, refundable rental deposits, pledged bank deposits, bank balances and cash, amounts due to non-controlling interests, amount due to the ultimate shareholder, trade, bills and other payables, lease liabilities and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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	**549**	712	**1,108**	684
United States dollar	**4**	4	**–**	–

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

Sensitivity analysis

The analysis measures the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the RMB against 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 fair value interest rate risk in relation to its fixed-rate pledged bank deposits, lease liabilities and bank and other borrowings (see Notes 24, 28 and 30 for details, respectively).

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank and other borrowings and bank balances (see Notes 30 and 24 for details, respectively).

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

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate restricted bank balances and bank balances at the end of the reporting period. The analysis is prepared assuming the bank balances outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2023: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2023: 25 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2024 would decrease/increase by RMB762,000 (2023: loss for the year would decrease/increase by RMB549,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment

At the end of the reporting period, the carrying amounts of the respective recognised financial assets stated in the consolidated statement of financial position as trade and other receivables, refundable rental deposits, pledged bank deposits and bank balances represent the Group's maximum exposure to credit risk which will cause of financial loss due to failure to discharge an obligation by the counterparties.

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 of 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

Refundable rental deposits

The credit risk arising from refundable rental deposits is limited as the Group may utilise such amount for the payment of outstanding rental expenses.

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.

Pledged bank deposits and bank balances

The credit risks on pledged bank deposits and 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	23	Note 1	Lifetime ECL (Collective assessment)	56,447		62,238	
	23	Note 1	Lifetime ECL (Individually)	8,852		8,523	
	23	Note 1	Lifetime ECL (Individually and credit-impaired)	8,302	73,601	8,593	79,354
Refundable deposits and other receivables (included in other receivables)	23	Low risk (Note 2)	12m ECL	–		13,643	
		Loss (Note 2)	Lifetime ECL – credit impaired	–		20,036	
	23	Low risk (Note 3)	12m ECL	7,187	7,187	17,115	50,794
Pledged bank deposits	24	Low risk (Note 4)	12m ECL		39,800		107,900
Bank balances	24	Low risk (Note 4)	12m ECL		526,090		524,524

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 ECL 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 operations

	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	7,520	63.32%	4,762	10,855	75.07%	8,149
	56,447		6,381	62,238		10,330

   Discontinued operations

	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)

During the year ended 31 December 2024, the Group provided RMB6,381,000 (2023: RMB10,330,000) 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 operations

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2023	5,836	8,507	14,343
– Impairment losses reversed	(180)	(37)	(217)
– Impairment losses recognised	8,044	123	8,167
At 31 December 2023 and 1 January 2024	**13,700**	**8,593**	**22,293**
Reclassified to discontinued operations (Note 25)	**(5,699)**	**(433)**	**(6,132)**
– Impairment losses recognised	**2,159**	**142**	**2,301**
At 31 December 2024	**10,160**	**8,302**	**18,462**

Discontinued operations

	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 operations	**5,699**	**433**	**6,132**
– Impairment losses recognised	**2,093**	**–**	**2,093**
At 31 December 2024	**7,792**	**433**	**8,225**

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 the 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

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Notes: (Continued)

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

Continuing operations

	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 operations (Note 25)	**(5,859)**
At 31 December 2024	**–**

Discontinued operations

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

3. For refundable deposits and other receivables, the Group measures the loss allowance equal to 12m ECL. 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. Pledged bank deposits and 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 as they are banks with high-credit ratings. Therefore, no impairment allowance is made on these balances.

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank and cash equivalents deemed adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors monitor the utilisation of bank and other borrowings and ensures compliance with loan covenants.

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.

Liquidity and interest risk tables

	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, bills and other payables	–	107,705	–	–	–	107,705	107,705
Amounts due to non-controlling interests	–	6,396	–	–	–	6,396	6,396
Amount due to the ultimate shareholder	–	40,010	–	–	–	40,010	40,010
Lease liabilities	4.06%	84	143	522	406	1,155	1,108
Bank and other borrowings – fixed rate	5.15%	60,425	2,545	225,740	–	288,710	281,000
Bank and other borrowings – variable rate	8.14%	35,484	5,684	80,099	–	121,267	119,921
		250,104	8,372	306,361	406	565,243	556,140
As at 31 December 2023							
Trade, bills and other payables	–	198,725	–	–	–	198,725	198,725
Amounts due to non-controlling interests	–	22,513	–	–	–	22,513	22,513
Lease liabilities	4.06%	537	1,074	2,609	2,240	6,460	6,191
Bank and other borrowings – fixed rate	5.02%	4,334	61,532	127,302	–	193,168	189,500
Bank and other borrowings – variable rate	5.60%	80,838	1,312	152,441	–	234,591	231,700
		306,947	63,918	282,352	2,240	655,457	648,629

3 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (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.

Control over CSMall Cayman and its subsidiaries

CSMall Cayman and its subsidiaries are accounted for as subsidiaries of the Group although the Group has only 40.39% (2023: 40.39%) ownership interest and voting rights in CSMall Cayman, which is listed on the Stock Exchange. Details of CSMall Cayman are set out in Note 41(iii).

As at 31 December 2024, the Group holds 40.39% ownership of CSMall Cayman and is the single largest shareholder of CSMall Cayman. The remaining 59.61% shareholdings are mainly attributed by 8.08% of shareholdings held by a strategic individual shareholder, an aggregate 2.89% of shareholdings owned by certain directors of CSMall Cayman, 0.85% of shareholdings held by a director of the Company, and the rest 47.79% shareholdings held by public shareholders that are unrelated to the Group.

As at 31 December 2023, the Group holds 40.39% ownership of CSMall Cayman and is the single largest shareholder of CSMall Cayman. The remaining 59.61% shareholdings are mainly attributed by 6.94% of shareholdings owned by a trustee of an employee share scheme under Pre-IPO scheme (involving 58 employees of CSMall Cayman) set up in 2018, 8.08% of shareholdings held by a strategic individual shareholder, 5.93% of shareholdings held by another trustee of another employee share scheme under Post-IPO scheme (involving 40 employees of CSMall Cayman) set up in 2019, an aggregate 2.89% of shareholdings owned by certain directors of CSMall Cayman, 0.85% of shareholdings held by a director of the Company, and the rest 34.92% shareholdings held by public shareholders that are unrelated to the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Control over CSMall Cayman and its subsidiaries (Continued)

The directors of the Company assessed whether the Group has control over CSMall Cayman based on whether the Group has the practical ability to direct the relevant activities of CSMall Cayman unilaterally. In making the judgment, the directors of the Company considered the Group's absolute size of holding in CSMall Cayman, the relative size of and dispersion of the shareholdings owned by the other shareholders, voting patterns at previous shareholders' meetings and the relevant voting arrangements with certain shareholders of CSMall Cayman. In addition, none of the above other shareholders, other than the Group, has any arrangements to consult any of the others or make collective decisions. Hence, when assessing the proportion of voting rights to acquire, on the basis of the relative size of the other shareholdings, the directors of the Company determined and concluded that 40.39% (2023: 40.39%) shareholdings dominate voting interest would be sufficient to give it control over CSMall Cayman and direct the relevant activities of CSMall Cayman.

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 and market quotations of similar inventory items. 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 23, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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

Property, plant and equipment, right-of-use assets and intangible assets with a finite useful life are stated at costs less accumulated depreciation and accumulated amortisation 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.

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 38 for details.

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 20 for details.

5 SEGMENT INFORMATION

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

i) manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC ("**Manufacturing segment**"); and

ii) designing and sales of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC ("**New Jewellery Retail segment**").

The operation of Fresh Food Retail segment of the Group was discontinued during the year ended 31 December 2024 and the operation of silver exchange segment of the group was discontinued and disposed during the year ended 31 December 2023. The segment information reported on the next pages does not include any amounts for the discontinued operations, which are described in more details in Note 25.

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

(a) Segment revenue and results

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

For the year ended 31 December 2024

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

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

5 SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the year ended 31 December 2023 (Restated)

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

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

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

5 SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

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

At 31 December 2024

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

At 31 December 2023 (Restated)

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

5 SEGMENT INFORMATION (Continued)

(c) Other segment information

For the year ended 31 December 2024

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

For the year ended 31 December 2023 (Restated)

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

5 SEGMENT INFORMATION (Continued)

(d) Geographical information

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

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

Note: Non-current assets excluded deferred tax assets.

(e) Information about major customers

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

	2024	2023
	RMB'000	RMB'000
Customer A#	**1,142,134**	1,374,632
Customer B#	**993,699**	827,958
Customer C#	**–***	637,328

Revenue from sales of silver ingots in Manufacturing segment.

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

6 REVENUE

i) Disaggregation of revenue from contracts with customers

Segments	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations		
By types of goods		
Manufacturing segment		
– Sales of silver ingots	**4,156,144**	5,044,548
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
Total	**4,313,714**	5,455,006

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

6 REVENUE (Continued)

ii) Performance obligations for contracts with customers

Manufacturing segment

The Group sells silver ingots, palladium and other non-ferrous metals directly to customers.

Revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. The normal credit term is 30 days upon delivery date.

Under the Group's standard contract terms, customers have a right to exchange for dissimilar products within 10 days. The Group uses its accumulated historical experience to estimate the number of exchanges on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and corresponding adjustment to cost of sales.

New Jewellery Retail segment

The Group sells gold products, silver products, colored gemstones, 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 7 days 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 operations		
Release of deferred income (Note 32)	**714**	714
Government grants (Note)	**2,037**	3,547
Bank interest income	**1,905**	5,747
Gain on early termination of leases	**–**	1
Sales of scrap materials	**754**	–
Others	**330**	416
	5,740	10,425

Note: For the year ended 31 December 2024, government grants were received from the local government of the PRC as incentives for foreign trade export subsidies and company development subsidies (2023: incentives for brand promotion and VAT subsidy) by the Group. There are no unfulfilled conditions attached to the grants.

8 OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations		
Net exchange loss	**(2,224)**	(7,639)
Loss on write-off and disposal of property, plant and equipment	**(321)**	(3,950)
Gain on disposal of discontinued operation (Note 25(ii))	**–**	1,636
	(2,545)	(9,953)

9 RESEARCH AND DEVELOPMENT EXPENSES FROM CONTINUING OPERATIONS

Research and development expenses mainly represent expenses for specific research, staff costs and technical consultation fees incurred for the enhancement of production techniques.

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

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

Details of impairment assessment are set out in Note 3.

11 FINANCE COSTS

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations		
Interest on bank and other borrowings	**26,582**	24,919
Interest on lease liabilities	**57**	172
	26,639	25,091

12 INCOME TAX (CREDIT) EXPENSE

	2024 RMB'000	2023 RMB'000 (Restated)
Continuing operations		
The PRC Enterprise Income Tax ("**EIT**")		
– current year	**4,499**	1,124
– overprovision in respect of prior years	**(5,135)**	–
	(636)	1,124
Deferred taxation – current year (Note 21)	**(223)**	(201)
	(859)	923

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

12 INCOME TAX (CREDIT) EXPENSE (Continued)

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

	2024 **RMB'000**	2023 RMB'000 (Restated)
Profit before income tax	**21,548**	6,021
Tax at the domestic income tax rate of 25% (2023: 25%)	**5,387**	1,505
Tax effect of expenses not deductible for tax purpose	**6,013**	4,010
Tax effect of income not taxable for tax purpose	**(293)**	(409)
Tax effect of tax losses not recognised	**2,270**	4,713
Tax effect of utilisation of tax losses previously not recognised	**(9,343)**	(9,874)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**242**	978
Overprovision in respect of prior years	**(5,135)**	–
Income tax (credit) expense for the year	**(859)**	923

Details of deferred tax recognised are set out in Note 21.

13 PROFIT 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 operations		
Directors' emoluments (Note 14)	4,652	4,652
Other staff costs:		
– Salaries and other allowances	17,125	20,620
– Retirement benefit scheme contributions	2,080	2,533
Total staff costs	23,857	27,805
Auditor's remuneration	2,124	2,063
Amortisation of intangible assets	362	361
Cost of inventories recognised as expenses (included in cost of sales)	4,202,621	5,346,381
Depreciation of property, plant and equipment	14,574	15,874
Depreciation of right-of-use assets	2,505	3,944
Expenses on short-term leases in respect of office premises and retail shops	2,004	127

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

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

i) Directors' and Chief Executive's emoluments

	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive directors				
Mr. Chen Wantian	1,108	157	27	1,292
Mr. Song Guosheng	924	806	5	1,735
Mr. Liu Jiandong (Note 1)	451	606	14	1,071
	2,483	1,569	46	4,098

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Independent non-executive directors				
Dr. Li Haitao (Note 1)	166	–	–	166
Dr. Zeng Yilong	185	–	–	185
Mr. Song Hongbing	185	–	–	185
Ms. Song Fangxiu (Note 2)	18	–	–	18
	554	–	–	554
Total	3,037	1,569	46	4,652

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

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

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

	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023				
Executive directors				
Mr. Chen Wantian	–	1,207	15	1,222
Mr. Song Guosheng	–	1,710	1	1,711
Mr. Liu Jiandong (Note 1)	–	1,161	15	1,176
	–	4,078	31	4,109

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	Directors' fees RMB'000	Salaries and allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023				
Independent non-executive directors				
Dr. Li Haitao (Note 1)	181	–	–	181
Dr. Zeng Yilong	181	–	–	181
Mr. Song Hongbing	181	–	–	181
	543	–	–	543
Total	543	4,078	31	4,652

Notes:

1. Resigned on 25 November 2024.

2. Appointed on 25 November 2024.

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

During the year ended 31 December 2024, none of the directors of the Company (i) received or were paid any remuneration in respect of accepting office; and (ii) waived or has agreed to waive any emolument (2023: nil).

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

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

During the year ended 31 December 2024, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services (2023: nil).

There is no loans, quasi-loans and other dealings in favour of directors, controlled body corporates by and connected entities with such directors (2023: nil).

During the year ended 31 December 2024, no significant transactions, arrangements and contracts in relation to the Group'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 at the end of the year or at any time during the year (2023: nil).

ii) Employees

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

	2024 **RMB'000**	2023 RMB'000
Salaries and allowance	**1,368**	1,219
Retirement benefit scheme contributions	**48**	46
	1,416	1,265

Their emoluments were within the following band:

	2024 **Number of** **employees**	2023 Number of employees
Nil to HK$1,000,000	**2**	2

No emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years. None of the directors of the Company waived or agreed to waive any emolument during both years.

15 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.

16 PROFIT PER SHARE

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

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

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

17 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
As at 1 January 2023	33,388	156,009	57,999	12,432	11,688	556	272,072
Additions	–	229	3,130	223	1,030	2,370	6,982
Transfer	–	992	1,603	–	–	(2,595)	–
Written off and disposal	–	(3,074)	(2,051)	(949)	(33)	–	(6,107)
Disposal of discontinued operation (Note 25)	(3,409)	–	–	(8,397)	(633)	–	(12,439)
As at 31 December 2023 and 1 January 2024	**29,979**	**154,156**	**60,681**	**3,309**	**12,052**	**331**	**260,508**
Additions	**–**	**–**	**–**	**–**	**1,246**	**–**	**1,246**
Written off and disposal	**–**	**–**	**(586)**	**(142)**	**–**	**–**	**(728)**
Reclassified as held for sale (Note 25)	**–**	**–**	**–**	**(304)**	**–**	**(331)**	**(635)**
As at 31 December 2024	**29,979**	**154,156**	**60,095**	**2,863**	**13,298**	**–**	**260,391**
Depreciation							
As at 1 January 2023	22,417	71,068	30,341	9,956	10,476	–	144,258
Provided for the year	3,714	7,605	4,316	922	370	–	16,927
Written off and disposal	–	(499)	(1,245)	(901)	(22)	–	(2,667)
Disposal of discontinued operation (Note 25)	(3,373)	–	–	(7,069)	(601)	–	(11,043)
As at 31 December 2023 and 1 January 2024	**22,758**	**78,174**	**33,412**	**2,908**	**10,223**	**–**	**147,475**
Provided for the year	**2,974**	**7,500**	**3,616**	**145**	**401**	**–**	**14,636**
Written off and disposal	**–**	**–**	**(272)**	**(135)**	**–**	**–**	**(407)**
Reclassified as held for sale (Note 25)	**–**	**–**	**–**	**(228)**	**–**	**–**	**(228)**
As at 31 December 2024	**25,732**	**85,674**	**36,756**	**2,690**	**10,624**	**–**	**161,476**
Carrying values							
As at 31 December 2024	**4,247**	**68,482**	**23,339**	**173**	**2,674**	**–**	**98,915**
As at 31 December 2023	7,221	75,982	27,269	401	1,829	331	113,033

The Group's buildings are erected on land held under medium-term land use rights in the PRC.

Other than construction in progress, the above items of property, plant and equipment, after taking into account their estimated residual values, are depreciated on a straight-line method, at the following useful lives or at the following rates per annum:

Leasehold improvements	5 years or the term of the relevant land lease, whichever is shorter
Buildings	20 years or the term of the relevant land lease, whichever is shorter
Plant and machinery	10%
Office equipment	20%
Motor vehicles	20%

The Group has pledged buildings with a carrying value of approximately RMB54,327,000 (2023: RMB57,766,000) to secure general banking facilities set out in Note 30 for the year ended 31 December 2024.

18 RIGHT-OF-USE ASSETS

	Leased properties RMB'000 (Note i)	Leasehold land RMB'000 (Note ii and iii)	Total RMB'000
At 31 December 2024			
Carrying amount	**1,123**	**17,934**	**19,057**
At 31 December 2023			
Carrying amount	4,710	15,590	20,300
For the year ended 31 December 2024			
Depreciation charge	**3,575**	**455**	**4,030**
Expenses relating to			
– short term leases	**2,004**	**–**	**2,004**
Total cash outflow for leases	**2,305**	**–**	**2,305**
Additions to right-of-use assets	**1,350**	**–**	**1,350**
Reclassified as held for sale (Note 25)	**1,362**	**–**	**1,362**
Additions upon acquisition of a subsidiary (Note 38)	**–**	**2,799**	**2,799**
For the year ended 31 December 2023			
Depreciation charge	4,955	435	5,390
Expenses relating to			
– short term leases	127	–	127
Total cash outflow for leases	4,247	–	4,247
Additions to right-of-use assets	4,951	–	4,951
Early termination of lease	23	–	23
Disposal of discontinued operation (Note 25)	1	–	1

Notes:

i) The Group leases office premises, showrooms, warehouses and retail shops for its operations. Majority of lease contracts are entered into for lease term of one to two years (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 term 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.

ii) During the year ended 31 December 2024, the Group has pledged leasehold land with a carrying value of RMB15,155,000 (2023: RMB15,590,000) to secure general banking facilities granted to the Group set out in Notes 30 and 36.

iii) In addition, the Group owns office buildings and several industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably. Respective building components of these owned properties are classified under property, plant and equipment set out in Note 17.

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 expenses as disclosed above.

19 INTANGIBLE ASSETS

	Patent RMB'000 (Note i)	System software RMB'000 (Note ii)	Customer relationship RMB'000 (Note iii)	Trademark RMB'000 (Note iv)	Platform RMB'000 (Note v)	License RMB'000 (Note vi)	Exploration right RMB'000 (Note vii)	Total RMB'000
Cost								
As at 1 January 2023	6,000	57,656	78,363	34,679	6,970	1,800	–	185,468
Disposal of discontinued operation (Note 25)	–	(48,862)	(78,363)	(34,679)	–	–	–	(161,904)
At 31 December 2023 and 1 January 2024	**6,000**	**8,794**	**–**	**–**	**6,970**	**1,800**	**–**	**23,564**
Addition upon acquisition of a subsidiary (Note 38)	**–**	**–**	**–**	**–**	**–**	**–**	**472**	**472**
Addition	**–**	**–**	**–**	**–**	**–**	**–**	**4,997**	**4,997**
Written off	**–**	**–**	**–**	**–**	**–**	**(1,800)**	**–**	**(1,800)**
Reclassified as held for sale (Note 25)	**–**	**–**	**–**	**–**	**(6,970)**	**–**	**–**	**(6,970)**
As at 31 December 2024	**6,000**	**8,794**	**–**	**–**	**–**	**–**	**5,469**	**20,263**
Amortisation and impairment								
As at 1 January 2023	3,950	33,381	78,363	34,679	774	–	–	151,147
Provided for the year	361	2,802	–	–	775	–	–	3,938
Disposal of discontinued operation (Note 25)	–	(27,389)	(78,363)	(34,679)	–	–	–	(140,431)
At 31 December 2023 and 1 January 2024	**4,311**	**8,794**	**–**	**–**	**1,549**	**–**	**–**	**14,654**
Provided for the year	**362**	**–**	**–**	**–**	**774**	**–**	**–**	**1,136**
Reclassified as held for sale (Note 25)	**–**	**–**	**–**	**–**	**(2,323)**	**–**	**–**	**(2,323)**
As at 31 December 2024	**4,673**	**8,794**	**–**	**–**	**–**	**–**	**–**	**13,467**
Carrying values								
As at 31 December 2024	**1,327**	**–**	**–**	**–**	**–**	**–**	**5,469**	**6,796**
As at 31 December 2023	1,689	–	–	–	5,421	1,800	–	8,910

19 INTANGIBLE ASSETS (Continued)

Notes:

i) The intangible asset represents a patent acquired for certain production techniques with a registered life up to August 2028. The intangible asset is amortised on a straight-line basis over the useful life, i.e. 9.7 years.

ii) System software represents software acquired for online trading and exchange platform and is stated at cost less accumulated amortisation and any accumulated impairment losses. The system software is amortised on a straight-line basis over a period of 2 to 10 years.

iii) Customer relationship associated with the provision of professional electronic silver trading platform services is purchased as part of a business combination in 2016. The fair value at the date of acquisition was determined by the external valuer using business valuation technique which involves estimation of profits attributable to the customer relationships and discount rate to derive the value. Customer relationship is amortised on a straight-line basis over its estimated useful life of 10 years. The customer relationship was disposed during the year ended 31 December 2023.

iv) Trademarks acquired as part of a business combination under Shanghai Huatong Group have a legal life of 10 years and are renewable upon expiry. The fair value at the date of acquisition was determined by the external valuer by discounting the future after-tax royalty attributable to the trademarks to present value using a discount rate. The directors of the Company are of the opinion that the Group will renew the trademarks continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflow for the Group.

As a result, the trademarks are considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. The trademarks were disposed during the year ended 31 December 2023.

v) 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 RMB4,647,000 was reclassified as asset held for sales (Note 25).

vi) The licence acquired through acquisition of a subsidiary in 2017 continuously and has the ability to do so at minimal cost. For the year ended 31 December 2024, the management decided to write off the license as the Group had decided not to renew it. The licence is expired during the year ended 31 December 2024.

vii) 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.

20 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 cash-generating unit 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.

21 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 **RMB'000**	2023 RMB'000
Deferred tax assets	**4,932**	4,709
Deferred tax liabilities	**–**	(1,355)
	4,932	3,354

21 DEFERRED TAXATION (Continued)

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

	Deferred income RMB'000	Unrealised profit RMB'000	ECL provision RMB'000	Fair value adjustments on business combination RMB'000	Total RMB'000
At 1 January 2023	2,435	1,735	2,125	(1,549)	4,746
Disposal of discontinued operation (Note 25)	(1,375)	–	–	–	(1,375)
(Charged) credited to profit or loss (Note 12)	(361)	(271)	421	194	(17)
At 31 December 2023 and 1 January 2024	**699**	**1,464**	**2,546**	**(1,355)**	**3,354**
(Charged) credited to profit or loss (Note 12)	**(178)**	**(139)**	**540**	**194**	**417**
Reclassified as held for sale (Note 25)	**–**	**–**	**–**	**1,161**	**1,161**
At 31 December 2024	**521**	**1,325**	**3,086**	**–**	**4,932**

At the end of the reporting period, the Group has unused tax losses arising in Hong Kong of Hong Kong dollar 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 RMB2,450,002,000 (2023: RMB2,528,109,000) available for offset against future profits that will expire in various dates in next five years (2023: five years). 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 from 1 January 2008 onwards. 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 approximately RMB444,200,000 as at 31 December 2024 (2023: RMB777,800,000) 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.

22 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials (Note)	468,417	523,066
Finished goods	643,449	564,432
	1,111,866	1,087,498

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 RMB465,784,000 (2023: RMB477,574,000), respectively.

23 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables for contracts with customers	73,601	79,354
Less: allowance for expected credit losses in respect of trade receivables	(18,462)	(22,293)
	55,139	57,061
Other receivables, deposits and prepayments	26,864	70,669
Less: allowance for expected credit losses in respect of other receivables	–	(5,859)
Prepayments to suppliers (Note)	51,015	4,644
Value-added tax ("**VAT**") recoverable	6,572	15,359
Refundable rental deposits	952	919
	140,542	142,793

Note:

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

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

23 TRADE AND OTHER RECEIVABLES (Continued)

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

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

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

24 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2024, pledged bank deposits amounting to RMB39,800,000 (2023: RMB107,900,000) carry a fixed interest rate of 0.00%-5.10% (2023: 0.20%-2.20%) per annum and represent deposits pledged to a bank to secure bills payables (see Note 26) of the Group. The bills payables are due for repayment within one year from the end of the reporting period, and thus the pledged bank deposits are classified as current assets.

Bank balances and cash of the Group comprise cash and short-term bank deposits with maturity of three months or less. The restricted bank balances, pledged bank deposits and bank balances carry interest at prevailing market rates as follows:

	2024 RMB'000	2023 RMB'000
Range of interest rates per annum		
Bank balances	**0.00%-0.25%**	0.20%-0.88%
Pledged bank deposits	**0.10%-5.10%**	0.20%-2.20%

24 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (Continued)

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

	2024 RMB'000	2023 RMB'000
United States dollar	**4**	4
Hong Kong dollar	**287**	381
	291	385

25 DISCONTINUED OPERATIONS

(i) Disposal of Shenzhen Xiansheng

On 5 November 2024, Shenzhen Guojintongbao entered into an Equity Transfer Agreement with an independent third party in relation to the disposal of 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）(together with its subsidiaries, the "**Nongmuren Group**" or the "**Disposal Group**") which constituted the Fresh Food Retail segment of the Group, for a consideration of RMB300,000. The disposal transaction was completed subsequently on 13 January 2025.

Following the disposal of Shenzhen Xiansheng Zhanggui Technology Co., Ltd.*, 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 year is set out below.

25 DISCONTINUED OPERATIONS (Continued)

(i) Disposal of Shenzhen Xiansheng (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 (expense)	**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	**(10,861)**	(5,672)
Non-controlling interests	**(33,748)**	(21,877)
	(44,609)	(27,549)

25 DISCONTINUED OPERATIONS (Continued)

(i) Disposal of Shenzhen Xiansheng (Continued)

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

	2024 RMB'000	2023 RMB'000
Loss for the year from discontinued operation include the following:		
Other staff costs:		
– Salaries and other allowances	**4,344**	10,579
– Retirement benefit scheme contributions	**481**	968
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
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)

25 DISCONTINUED OPERATIONS (Continued)

(i) Disposal of Shenzhen Xiansheng (Continued)

(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

* The English name is for identification purpose only.

25 DISCONTINUED OPERATIONS (Continued)

(ii) Disposal of Ultimate Deal Group Limited

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

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

(a) Financial performance and cash flow information

	For the ten months ended 31 October 2023 RMB'000
Revenue	13,111
Cost of services provided	(2,377)
Gross profit	10,734
Other income, net	2,545
Other gains and losses, net	(39)
Selling and distribution expenses	(50)
Administrative expenses	(10,503)
Profit before income tax	2,687
Income tax expense	(203)
Profit for the period from discontinued operation	2,484

25 DISCONTINUED OPERATIONS (Continued)

(ii) Disposal of Ultimate Deal Group Limited (Continued)

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

	For the ten months ended 31 October 2023 RMB'000
Profit for the period from discontinued operation include the following:	
Other staff costs:	
– Salaries and other allowances	2,740
– Retirement benefit scheme contributions	1,084
Total staff costs	3,824
Amortisation of intangible assets	2,802
Depreciation of property, plant and equipment	951
Depreciation of right-of-use assets	3
Cost of services recognised as expenses (included in cost of services provided)	2,377
Cash flows from discontinued operation:	
Net cash outflows from operating activities	(107)
Net cash outflows from investing activities	(114)
Net cash inflows from financing activities	–
Net decrease in cash and cash equivalents in the discontinued operation	(221)

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

	RMB'000
Cash consideration received	8,000
Bank and cash balances disposed of	(2,603)
Net cash inflow on disposal of discontinued operation	5,397

25 DISCONTINUED OPERATIONS (Continued)

(ii) Disposal of Ultimate Deal Group Limited (Continued)

(b) Details of the disposal of discontinued operation

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

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

	RMB'000
Non-current assets	
Property, plant and equipment	1,396
Right-of-use assets	1
Intangible assets	21,473
Deferred tax assets	1,375
Equity instrument at FVTOCI	7,532
	31,777
Current assets	
Trade and other receivables	1,464
Restricted bank balances	35,326
Bank balances and cash	2,603
	39,393
Total assets	71,170
Current liabilities	
Trade and other payables	37,099
Amount due to Huatong International	18,977
Deferred income	1,468
	57,544
Non-current liability	
Deferred income	7,701
Total liabilities	65,245

26 TRADE, BILLS AND OTHER PAYABLES

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

Notes:

i) As at 31 December 2024, the interest payable amounted to nil (2023: RMB147,800).

ii) As at 31 December 2024, bills payables amounting to RMB79,600,000 (2023: RMB147,800,000) are secured by pledged bank deposits of RMB39,800,000 (2023: RMB107,900,000). All bills payables are issued to a supplier of the Manufacturing segment.

iii) In September 2018, Huzhou Baiyin Property Co., Ltd.* (湖州白銀置業有限公司) ("**Huzhou Baiyin**"), an indirect wholly-owned subsidiary of the Group entered into an assignment contract (the "**Contract**") with Huzhou South Taihu New District Management Committee (the "**Committee**") and Huzhou Municipal Bureau of Natural Resources and Planning (the "**Bureau**") in relation to the acquisition of the land use right over a piece of land located in Huzhou, the PRC (the "**Acquisition**"). The total consideration for the land use right was RMB285,000,000.

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

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

* The English name is for identification purpose only.

26 TRADE, BILLS AND OTHER PAYABLES (Continued)

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	4,300	17,659
31 to 60 days	9	60
61 to 90 days	14	292
Over 90 days	15,286	24,020
	19,609	42,031

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

27 AMOUNTS DUE TO NON-CONTROLLING INTERESTS AND THE ULTIMATE SHAREHOLDER

As at 31 December 2024 and 2023, the amounts due to non-controlling interests and the ultimate shareholder were non-trade in nature, unsecured, interest-free and repayable on demand.

28 LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable	5,527	6,191
Less: Amounts due for settlement within 12 months shown under current liabilities	(699)	(3,989)
Less: Reclassified as held for sale (Note 25)	(4,419)	–
Amounts due for settlement after 12 months shown under non-current liabilities	409	2,202

The weighted average incremental borrowing rates applied to lease liabilities is 5.39% (2023: 4.17%) 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	1,108	684

29 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Amounts received in advance for 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**	17,012

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

The Group receives 30% to 100% of the contract value as amounts from customers when the sale order is issued. The entire amount of contract liabilities will be recognised as revenue when the customers obtained the control of silver ingots, palladium, lead, other non-ferrous metals and jewellery products.

30 BANK AND OTHER BORROWINGS

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

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

	2024 RMB'000	2023 RMB'000
Effective interest rate per annum	**6.63%**	5.52%

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

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

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

31 SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000	Share capital RMB'000
Ordinary share of HK$0.01			
Authorised:			
At 1 January 2023, 31 December 2023 and 31 December 2024	**3,000,000,000**	**30,000**	**24,386**
Issued:			
At 1 January 2023, 31 December 2023 and 31 December 2024	**1,954,080,706**	**19,542**	**15,935**

32 DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government subsidies (Note)	**2,083**	2,797
Analysed for reporting purposes as:		
Current	**714**	714
Non-current	**1,369**	2,083
	2,083	2,797

Note:

Government subsidy of RMB10,000,000 was received in prior year in respect of the Group's investment in a project for comprehensive use of scarce metal resources in the form of certain property, plant and equipment. The government subsidy has been recognised as income over the useful lives of the related assets upon the fulfilment of the conditions stated by the respective authority in 2013. During the year ended 31 December 2024, an amount of RMB714,000 (2023: RMB714,000) was recognised as other income.

33 SHARE OPTION SCHEME

i) The Scheme

a) The principal terms of the Company's share option scheme adopted on 5 December 2012 (the "**Scheme**") are set out below.

The Scheme was adopted pursuant to a resolution passed on 5 December 2012 for the primary purpose of providing incentives to eligible directors and employees. Under the Scheme, the board of directors of the Company may grant options to consultants and eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as consideration.

33 SHARE OPTION SCHEME (Continued)

i) The Scheme

b) The number of shares in respect of which options had been granted and remained outstanding under the Scheme was 44,800,000 (2023: 68,500,000), representing 2.29% (2023: 3.50%) of the shares of the Company in issue at 31 December 2024.

The following table discloses movements of Company's options under the Scheme held by the Group's directors, employees and consultants during the current and prior years:

Date of grant	Exercise price per share HK$	Outstanding as at 1 January 2024	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2024
20 August 2014	2.2	23,700,000	–	(23,700,000)	–
2 January 2015	1.8	44,800,000	–	–	44,800,000
		68,500,000	–	(23,700,000)	44,800,000
Exercisable at the 1 January 2024		68,500,000			
Exercisable at the 31 December 2024					44,800,000
Weighted average exercise price		HK$1.96	–	–	HK$1.80

Date of grant	Exercise price per share HK$	Outstanding as at 1 January 2023	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2023
3 July 2013	0.96	2,450,000	–	(2,450,000)	–
20 August 2014	2.2	23,700,000	–	–	23,700,000
2 January 2015	1.8	44,800,000	–	–	44,800,000
		70,950,000	–	(2,450,000)	68,500,000
Exercisable at the 1 January 2023		70,950,000			
Exercisable at the 31 December 2023					68,500,000
Weighted average exercise price		HK$1.90	–	HK$0.96	HK$1.96

33 SHARE OPTION SCHEME (Continued)

i) The Scheme (Continued)

b) (Continued)

No share option under the Scheme was exercised during the years ended 31 December 2024 and 2023.

The 2,450,000 outstanding share options granted on 3 July 2013 with the exercise price of HK$0.96 per share are exercisable during the period from 3 July 2015 to 2 July 2023 in two batches, being:

- 3 July 2015 to 2 July 2023 (1,050,000 outstanding share options granted are exercisable)
- 3 July 2016 to 2 July 2023 (1,400,000 outstanding share options granted are exercisable)

The 23,700,000 outstanding share options granted on 20 August 2014 with the exercise price of HK$2.20 per share are exercisable during the period from 20 August 2015 to 19 August 2024 in three batches, being:

- 20 August 2015 to 19 August 2024 (7,110,000 outstanding share options granted are exercisable)
- 20 August 2016 to 19 August 2024 (7,110,000 outstanding share options granted are exercisable)
- 20 August 2017 to 19 August 2024 (9,480,000 outstanding share options granted are exercisable)

The 44,800,000 outstanding share options granted on 2 January 2015 with the exercise price of HK$1.80 per share are exercisable during the period from 2 January 2016 to 1 January 2025 in three batches, being:

- 2 January 2016 to 1 January 2025 (13,440,000 outstanding share options granted are exercisable)
- 2 January 2017 to 1 January 2025 (13,440,000 outstanding share options granted are exercisable)
- 2 January 2018 to 1 January 2025 (17,920,000 outstanding share options granted are exercisable)

The closing prices of the Company's shares immediately before 3 July 2013, 20 August 2014 and 2 January 2015, the dates of grant, were HK$0.96, HK$2.20 and HK$1.80, respectively.

33 SHARE OPTION SCHEME (Continued)

i) The Scheme (Continued)

b) (Continued)

The following table discloses movements of the Company's share options held by directors, employees and a consultant under the Scheme during the current and prior years:

Eligible participants	Outstanding as at 1 January 2024	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2024
Directors	2,700,000	–	(2,700,000)	–
Employees	60,800,000	–	(21,000,000)	39,800,000
Consultant	5,000,000	–	–	5,000,000
	68,500,000	–	(23,700,000)	44,800,000
Exercisable at the 1 January 2024	68,500,000			
Exercisable at the 31 December 2024				44,800,000

Eligible participants	Outstanding as at 1 January 2023	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2023
Directors	5,150,000	–	(2,450,000)	2,700,000
Employees	60,800,000	–	–	60,800,000
Consultant	5,000,000	–	–	5,000,000
	70,950,000	–	(2,450,000)	68,500,000
Exercisable at the 1 January 2023	70,950,000			
Exercisable at the 31 December 2023				68,500,000

c) During the years ended 31 December 2024 and 2023, no expense is recognised in relation to share options granted by the Company under the Scheme.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

33 SHARE OPTION SCHEME (Continued)

ii) The New Scheme

a) The principal terms of the Company's new share option scheme adopted on 21 April 2015 (the "**New Scheme**") are set out below.

The New Scheme was adopted pursuant to a resolution passed on 21 April 2015 for the primary purpose of providing incentives to eligible directors and employees, and will expire on 26 August 2025. Under the New Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as consideration.

b) The number of shares in respect of which options had been granted and remained outstanding under the New Scheme was 81,000,000 (2023: 81,000,000), representing 4.15% (2023: 4.15%) of the shares of the Company in issue at 31 December 2024.

33 SHARE OPTION SCHEME (Continued)

ii) The New Scheme (Continued)

b) (Continued)

The following table discloses movements of the Company's options under the New Scheme held by the Group's employees during the current and prior years:

Date of grant	Exercise price per share	Outstanding as at 1 January 2024	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2024
27 August 2015	HK$1.97	81,000,000	–	–	81,000,000
Exercisable at 1 January 2024		81,000,000			
Exercisable at 31 December 2024					81,000,000
Weighted average exercise price		HK$1.97			HK$1.97

Date of grant	Exercise price per share	Outstanding as at 1 January 2023	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2023
27 August 2015	HK$1.97	81,000,000	–	–	81,000,000
Exercisable at 1 January 2023		81,000,000			
Exercisable at 31 December 2023					81,000,000
Weighted average exercise price		HK$1.97			HK$1.97

No share option under the New Scheme was exercised during the years ended 31 December 2024 and 2023.

The 81,000,000 outstanding share options granted on 27 August 2015 with the exercise price of HK$1.97 per share are exercisable during the period from 27 August 2016 to 26 August 2025 in two batches, being:

- 27 August 2016 to 26 August 2025 (40,500,000 outstanding share options granted are exercisable)
- 27 August 2017 to 26 August 2025 (40,500,000 outstanding share options granted are exercisable)

The closing prices of the Company's shares immediately before 27 August 2015 was HK$1.87.

33 SHARE OPTION SCHEME (Continued)

ii) The New Scheme (Continued)

c) No expense was recognised for the years ended 31 December 2024 and 2023 in relation to share options granted by the Company under the New Scheme.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

34 RETIREMENT BENEFITS PLAN

The Group participates in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong 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 rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local government in the PRC. The Group is required to contribute a specified percentage of the payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this scheme is to make the specified contributions.

The total expense recognised in profit or loss amounting to RMB2,607,000 (2023: RMB4,616,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

35 RELATED PARTY DISCLOSURES

Saved as disclosed elsewhere in the consolidated financial statements, related parties disclosures are as follows:

Guarantee by related parties in support of a loan facility from a financial institution

During the year ended 31 December 2024, Jiangxi Longtianyong, a wholly-owned subsidiary of the Group obtained bank borrowings of RMB163,421,000 (2023: bank borrowings of RMB365,700,000) with personal guarantees given by Mr. Chen Wantian, a director of the Company and his spouse.

35 RELATED PARTY DISCLOSURES (Continued)

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
Short-term benefits	5,271	5,273
Post-employment benefits	80	64
	5,351	5,337

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

36 PLEDGE OF ASSETS

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

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

37 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
– Financial assets at amortised cost	628,468	734,721
Financial liabilities		
– Financial liabilities at amortised cost	555,032	642,436
– Lease liabilities	1,108	6,191

38 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, a PRC-incorporated limited liability company principally engaged in the exploration of lead and zinc mines.

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

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

	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.

39 MAJOR NON-CASH TRANSACTIONS

The Group had the following major non-cash transactions:

During the year ended 31 December 2024, the Group entered into new lease agreements for the use of warehouse and office premises for 2 years. On the lease commencement, the Group recognised RMB1,350,000 of right-of-use assets and RMB1,350,000 of lease liabilities.

During the year ended 31 December 2023, the Group entered into new lease agreements for the use of warehouse and office premises for 1 to 5 years. On the lease commencement, the Group recognised RMB4,951,000 of right-of-use assets and RMB4,951,000 of lease liabilities. During the year ended 31 December 2023, the Group recognised the property, plant and equipment at the amount of RMB2,721,000 which was settled by deposit paid on acquisition of non-current asset.

40 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.

	Lease liabilities RMB'000	Bank and other borrowings (Note) RMB'000	Interest payables (included in other payables) RMB'000	Amount due to the ultimate shareholder RMB'000	Amounts due to non-controlling interests RMB'000	Amount due to Huatong International RMB'000	Total RMB'000
At 1 January 2023	5,439	406,382	248	–	15,467	19,184	446,720
Financing cash flows	(4,575)	14,818	(25,361)	–	7,046	(207)	(8,279)
Disposal of discontinued operation (Note 25)	–	–	–	–	–	(18,977)	(18,977)
Finance cost recognised	400	–	25,262	–	–	–	25,662
New leases entered (Note 39)	4,951	–	–	–	–	–	4,951
Early termination of lease	(24)	–	–	–	–	–	(24)
As at 31 December 2023 and 1 January 2024	**6,191**	**421,200**	**149**	**–**	**22,513**	**–**	**450,053**
Financing cash flows	**(2,305)**	**(12,279)**	**(26,972)**	**40,010**	**6,861**	**–**	**5,315**
Finance cost recognised	**291**	**–**	**26,823**	**–**	**–**	**–**	**27,114**
New leases entered (Note 39)	**1,350**	**–**	**–**	**–**	**–**	**–**	**1,350**
Reclassification as held for sale (Note 25)	**(4,419)**	**(8,000)**	**–**	**–**	**(22,978)**	**–**	**(35,397)**
As at 31 December 2024	**1,108**	**400,921**	**–**	**40,010**	**6,396**	**–**	**448,435**

Note: The cash flows from bank and other borrowings comprise the net amount of new bank and other borrowings raised and repayment of bank and other borrowings.

41 SUBSIDIARIES

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/Registered capital	Attributable equity interest held by the Company 2024	Attributable equity interest held by the Company 2023	Principal activities/ place of operations	Form of Company
Directly owned:						
CSMall Cayman 金貓銀貓集團有限公司	The Cayman Islands	Ordinary shares US$83,233	**40.39% (Notes iii)**	40.39% (Notes iii)	Investment holding/ Hong Kong	Limited liability
China Silver Financial Group Limited 中國白銀金融集團有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Investment holding/ Hong Kong	Limited liability
China Silver Holdings Limited 中國白銀控股有限公司	The BVI	Ordinary shares US$100,000	**100%**	100%	Investment holding/ Hong Kong	Limited liability
China Silver Mining Group Limited 中國白銀礦業集團有限公司	The BVI	Ordinary shares US$50,000	**100%**	100%	Inactive/Hong Kong	Limited liability
Indirectly owned:						
CSMall BVI^ 金貓銀貓集團有限公司	The BVI	Ordinary shares US$83,233	**40.39% (Note iii)**	40.39% (Note iii)	Investment holding/ Hong Kong	Limited liability
CSMall Holdings Limited^ 金貓銀貓控股有限公司	The BVI	Ordinary shares US$50,000	**40.39% (Note iii)**	40.39% (Note iii)	Investment holding/ Hong Kong	Limited liability
China Silver Jewellery Group Limited^ 中國白銀珠寶集團有限公司	Hong Kong	Ordinary shares HK$10,000	**40.39% (Note iii)**	40.39% (Note iii)	Investment holding/ Hong Kong	Limited liability
China Silver Co., Limited 中國白銀有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Investment holding/ Hong Kong	Limited liability

41 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	Attributable equity interest held by the Company 2023	Principal activities/ place of operations	Form of Company
Bit Silicon Valley Blockchain Technology Limited 比特矽谷區塊鏈技術有限公司^@	Hong Kong	Ordinary shares HK$10,000	**N/A**	40.39% (Note iii)	Inactive/ Hong Kong	Limited liability
江西吉銀實業有限公司^	The PRC	Registered capital US$99,800,000	**40.39% (Note iii)**	40.39% (Note iii)	Processing and wholesale of precious metal products/The PRC	Wholly foreign owned
江西樂通新材料有有限公司 ^ Jiangxi Letong New Materials Co., Ltd. (for identification purpose)###	The PRC	Registered capital RMB30,000,000	**20.60%**	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	**20.60%**	N/A	Engaged in the exploration of lead and zinc mines/The PRC	Limited liability
國融通寶 (深圳) 融資租貸有限公司^	The PRC	Registered capital RMB200,000	**40.39% (Note iii)**	40.39% (Note iii)	Inactive/The PRC	Limited liability
江西龍天勇有色金屬有限公司 Jiangxi Longtianyong	The PRC	Registered capital RMB110,000,000	**100%**	100%	Manufacture of silver, palladium, lead, and non-ferrous metals for sale/The PRC	Wholly foreign owned
江西富輝鋰業有限公司##	The PRC	Registered capital RMB200,000,000	**100%**	100%	Manufacture of battery	Limited liability
Shenzhen Guojintongbao Company Limited ("**Shenzhen Guojintongbao**") 深圳國金通寶有限公司^	The PRC	Registered capital RMB50,000,000#	**40.39% (Note iii)**	40.39% (Note iii)	Investment holding/ The PRC	Limited liability

41 SUBSIDIARIES (Continued)

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		
Shenzhen Guoyintongbao Limited^	The PRC	Registered capital RMB500,000,000	**40.39% (Note iii)**	40.39% (Note iii)	Online and offline retail of jewellery products and operation of self-owned stores/The PRC	Wholly foreign owned
永豐縣通盛顧問服務股份有限公司 Yongfeng County Tongsheng Consulting Services Co., Ltd. ("Tongsheng")	The PRC	Registered capital RMB50,000,000	**40% (Note v)**	40% (Note v)	Consulting/ The PRC	Limited liability
浙江富銀鋰業有限公司 (Formerly known as 浙江富銀白銀有限公司)	The PRC	Registered capital US$20,000,000	**100%**	100%	Investment holding and trading of silver ingots/The PRC	Wholly foreign owned
景寧佘銀文化有限公司^	The PRC	Registered capital RMB10,000,000#	**40.39% (Note iii)**	40.39% (Note iii)	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^ ("**Baiyin Town**")	The PRC	Registered capital RMB100,000,000#	**40.39% (Note iii)**	40.39% (Note iii)	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	**40.39% (Note iii)**	40.39% (Note iii)	Property development /The PRC	Limited liability
深圳金縱橫軟件開發有限公司^#	The PRC	Registered capital RMB1,000,000	**40.39% (Note iii)**	40.39% (Note iii)	Software 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#	**40.39% (Note iii)**	40.39% (Note iii)	Sale 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#	**20.6% (Note vi)**	20.6% (Note vi)	Investment holding /The PRC	Limited liability

41 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
江蘇農牧人電子商務股份有限公司 Jiangsu Nongmuren Electronic Business Corp.* ^	The PRC	Registered capital RMB25,510,000#	**N/A** (Note vi)**	N/A** (Note vi)	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* ^ β	The PRC	Registered capital RMB500,000	**10.5%**	10.5%	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*^## β	The PRC	Registered capital RMB10,000,000	**10.3%**	12.4%	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.*^## β	The PRC	Registered capital RMB1,000,000	**20.6%**	20.6%	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.*^## β	The PRC	Registered capital RMB10,000,000	**20.6%**	20.6%	Sales and promotion of fresh food products /The PRC	Limited liability

* English translated names are for identification only
\# At 31 December 2024 and 2023, capital injection to the entity had not been fully paid
^ Subsidiaries of CSMall Cayman
α Not yet commence business
** Structured entities
β The subsidiary of Jiangsu Nongmuren Electronic Business Corp.
\## Incorporated during the year ended 31 December 2023
\### Acquired during the year ended 31 December 2024
@ Disposed during the year ended 31 December 2024

41 SUBSIDIARIES (Continued)

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-controlling		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
CSMall Cayman and its subsidiaries	The Cayman Islands	**59.61%**	59.61%	**(32,137)**	(34,367)	**757,810**	787,497
Individual immaterial subsidiaries with non-controlling interest				**(31)**	(150)	**(899)**	(868)
				(32,168)	(34,517)	**756,911**	786,629

41 SUBSIDIARIES (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 material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	CSMall Cayman	
	As at/for the year ended 31.12.2024 RMB'000	As at/for the year ended 31.12.2023 RMB'000
Current assets	**1,558,900**	1,550,360
Current liabilities	**(291,022)**	(255,747)
Current net assets	**1,267,878**	1,294,613
Non-current assets	**20,583**	36,201
Non-current liabilities	**(204)**	(3,504)
Net assets	**1,288,257**	1,327,310
Equity attributable to owners of the Company	**520,327**	539,808
Accumulated non-controlling interest	**767,930**	787,502
	1,288,257	1,327,310
Summarised income statement		
Revenue	**157,570**	500,532
Loss for the year	**(41,503)**	(48,502)
Loss and total comprehensive expense for the year	**(41,503)**	(48,502)
Loss for the year attributable to owners of the Company	**(23,187)**	(14,135)
Loss allocated to non-controlling interest	**(18,316)**	(34,367)
	(41,503)	(48,502)
Summarised cash flows		
Cash inflows (outflows) from operating activities	**30,292**	(56,496)
Cash outflows from investing activities	**(21,960)**	(4,832)
Cash inflows from financing activities	**1,922**	5,624
Net cash inflows (outflows)	**10,254**	(55,704)

41 SUBSIDIARIES (Continued)

Notes: (Continued)

(iii) Change in the Group's ownership interests in a subsidiary

CSMall Cayman

On 13 March 2018, the Group completed the spin-off and separate listing of CSMall Cayman on the Main Board of the Stock Exchange. On the same day, CSMall Cayman issued a total of 194,183,990 ordinary shares of US$0.0001 each at HK$2.38 each for cash by way of public offer. Based on the offer price of HK$2.38 per share, the net proceed received by the Company was RMB355,795,000. An amount of RMB430,487,000 (being the proportionate share of the carrying amount of the net assets value of CSMall Cayman) has been transferred to non-controlling interests. The difference of RMB74,692,000 between the increase in the non-controlling interests and the consideration received has been debited to capital reserve.

On 30 August 2019, CSMall Cayman has issued 184,287,040 new shares in total to participants of a new employee share scheme and a strategic investor pursuant to an employee subscription agreement and employee trust deed dated 6 May 2019 (the "**Transactions**").

Pursuant to the employee subscription agreement and employee trust deed dated 6 May 2019, Ascend Delight Holdings Limited, a wholly owned entity of Ms. Xue, the guarantor under the employee subscription agreement and the trustee under the employee trust deed subscribed for 84,287,040 new ordinary shares of US$0.0001 each in CSMall Cayman at a price of HK$0.85 per ordinary share ("**New Employee Share Scheme**") for the purpose of providing rewards to all employees or senior management for their past services. These new shares were issued on 30 August 2019 under the specific mandate granted to the directors at the extraordinary general meeting of CSMall Cayman held on 16 August 2019 and rank pari passu with other shares in issue in all respects and fully vested on the same date. There were no vesting conditions attached to such issue. The Company funded the New Employee Share Scheme and the subscription is recorded by CSMall Cayman as equity-settled share-based payments determined based on the market price of the shares. An amount of RMB87,679,000 (being proportionate share of the carrying amount of the net assets value of CSMall Cayman) has been transferred to non-controlling interests. The difference of RMB4,671,000 between the increase in the non-controlling interests and the consideration received has been debited to capital reserve.

Pursuant to the strategic investor subscription agreement dated 6 May 2019, a strategic investor, Mr. Yao Runxiong subscribed for 100,000,000 new ordinary shares of US$0.0001 each in CSMall Cayman at a price of HK$1.5 (equivalent to RMB1.37) per ordinary share. These new shares were issued under the specific mandate granted to the directors at the extraordinary general meeting of CSMall Cayman held on 16 August 2019 and rank pari passu with other shares in issue in all respects. An amount of RMB129,177,000 (being proportionate share of the carrying amount of the net assets value of CSMall Cayman) has been transferred to non-controlling interests. The difference of RMB7,603,000 between the increase in the non-controlling interests and the consideration received has been credited to capital reserve.

Immediately subsequent to the completion of the Transactions, the Company's equity interest in CSMall Group decreased from 47.46% to 40.39%. The percentage of the voting rights held by the Company and other parties acting in concert according to the voting arrangement in the aforesaid employee trust deed over CSMall Cayman decreased from approximately 48.45% to approximately 48.05%.

(iv) 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 2016, the Group decided to engage in the provision of professional electronic platform which was categorised under the Restricted Business. Therefore, Shanghai Huatong was acquired and under the legal ownership of two independent third parties. Therefore, a series of agreements (the "**2016 Contractual Arrangements**") were entered into between the Group and the legal owners on 28 January 2016.

Shanghai Huatong is referred to as the "Structured Entity".

The 2016 Contractual Arrangements both comprised of (a) option agreement, (b) proxy agreement, (c) consultancy and services agreement and (d) share pledge agreement. Key provisions of the 2016 Contractual Arrangements are as follows:

41 SUBSIDIARIES (Continued)

Notes: (Continued)

(iv) Consolidated structured entity (Continued)

Option Agreement

The Group, the Structured Entity and the legal owners entered into an exclusive option agreement (the "**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 2016 Contractual Arrangements, the Option Agreement contains an undertaking from Shanghai Huatong's legal owners to return to the Company any consideration they received when the Company acquires the equity interest of Shanghai Huatong upon unwinding the 2016 Contractual Arrangements.

The 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 Option Agreement and the laws of the PRC.

Proxy Agreement

The Group, the Structured Entity and the legal owners entered into a proxy agreement (the "**Proxy Agreement**") whereby the legal owners have irrevocably undertake that they will authorise persons designated by the Group to exercise on their behalf the rights as a shareholder of the Structured Entity under the articles of association of the Structured Entity, including but not limited to (a) the right to convene and attend shareholders' meeting; and (b) the right to vote as shareholders.

The Proxy Agreement will be valid until terminated in writing by all parties.

Consultancy and Services Agreement

The Group and the Structured Entity entered into an exclusive consultancy and services agreement ("**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 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.

Share 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 Option Agreement, the Consultancy and Services Agreement and the Proxy Agreement 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 2016 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 2016 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.

Shanghai Huatong is principally engaged in operation of online sales platform in the PRC. Shanghai Huatong is reported in the last year as a discontinued operation and the disposal of Shanghai Huatong was completed on 1 November 2023 and the Huatong VIE Agreement shall be terminated. For details, please refer to Note 25.

41 SUBSIDIARIES (Continued)

Notes: (Continued)

(v) The Group has control over Tongsheng as the Group has the ability to direct the relevant activities of Tongsheng and practical right to appoint the majority of directors of Tongsheng.

(vi) **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 2023, 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 authorise 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.

41 SUBSIDIARIES (Continued)

Notes: (Continued)

(vi) **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 2021 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 2021 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 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.

42 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Non-current asset			
Investments in subsidiaries		**376,076**	376,076
Current assets			
Prepayment		**295**	151
Bank balance and cash		**200**	202
		495	353
Current liabilities			
Other payables and accruals		**21,842**	19,893
Amounts due to subsidiaries		**90,648**	84,180
		112,490	104,073
Net current liabilities		**(111,995)**	(103,720)
Total assets less current liabilities		**264,081**	272,356
EQUITY			
Share capital	31	**15,935**	15,935
Share premium and reserves	(i)	**248,146**	256,421
Total equity		**264,081**	272,356

Note:

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

	Share premium RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	1,255,434	90,366	(668,862)	676,938
Loss and total comprehensive expense for the year	–	–	(420,517)	(420,517)
Lapse of share options (Note 33)	–	(1,036)	1,036	–
At 31 December 2023 and 1 January 2024	1,255,434	89,330	(1,088,343)	256,421
Loss and total comprehensive expense for the year	**–**	**–**	**(8,275)**	**(8,275)**
Lapse of share options (Note 33)	**–**	**(21,459)**	**21,459**	**–**
At 31 December 2024	**1,255,434**	**67,871**	**(1,075,159)**	**248,146**

43 EVENT AFTER THE REPORTING PERIOD

(i) 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(i)) has been completed on 13 January 2025.

(ii) On 20 January 2025, the Group and two subscribers entered into the subscription agreements pursuant to which two subscribers had agreed to subscribe for and the Company had agreed to allot and issue 388,044,853 new ordinary shares of nominal value of HK$0.01 each in the share capital of the Company in total (in aggregate representing approximately 16.57% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares immediately upon the completion of the two subscriptions) at the subscription price of HK$0.252 per subscription share to each of the subscribers, which shall be satisfied by way of offsetting against the outstanding principal amount and interest accrued under their loans due from Jiangxi Longtianyong to them up to the date of the subscription completion. Completion of each subscription took place on 28 January 2025. For details, please refer to the announcements published on 20 January 2025 and 28 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 (unrestated)	2021 RMB'000 (unrestated)	2022 RMB'000 (restated)	2023 RMB'000 (restated)	**2024** **RMB'000**
Continuing operations					
Revenue	4,759,330	2,303,523	3,231,575	5,455,006	**4,313,714**
Profit (loss) before tax	253,203	(2,413,397)	(85,058)	6,021	**21,548**
Income tax (expense) credit	(47,420)	6	(534)	(923)	**859**
Profit (loss) for the year from continuing operations	205,783	(2,413,391)	(85,592)	5,098	**22,407**
Discontinued operations					
Loss for the year from discontinued operations	–	–	(59,244)	(25,065)	**(44,609)**
Profit (loss) for the year	205,783	(2,413,391)	(144,836)	(19,967)	**(22,202)**
Attributable to					
– Owners of the Company	227,502	(2,412,925)	(120,766)	14,549	**9,966**
– Non-controlling interests	(21,719)	(466)	(24,070)	(34,516)	**(32,168)**
	205,783	(2,413,391)	(144,836)	(19,967)	**(22,202)**

ASSETS AND LIABILITIES

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Total assets	4,515,808	1,861,477	2,143,169	2,023,049	**1,978,876**
Total liabilities	(869,080)	(628,170)	(885,286)	(784,949)	**(760,528)**
Total equity	3,646,728	1,233,307	1,257,883	1,238,100	**1,218,348**
Equity attributable to owners of the Company	2,814,041	401,086	436,738	451,471	**461,437**
Non-controlling interests	832,687	832,221	821,145	786,629	**756,911**
	3,646,728	1,233,307	1,257,883	1,238,100	**1,218,348**