



中國白銀集團
CHINA SILVER GROUP

中國白銀集團有限公司

China Silver Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 815

INTERIM REPORT 2024

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



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

Zeng Yilong (Chairman)
Song Hongbing
Li Haitao

REMUNERATION COMMITTEE

Li Haitao (Chairman)
Chen Wantian
Song Hongbing

NOMINATION COMMITTEE

Chen Wantian (Chairman)
Song Hongbing
Li Haitao

COMPANY SECRETARY

Chan Hon To (陳瀚濤), HKICPA FCCA

AUTHORISED REPRESENTATIVES

Chen Wantian
Chan Hon To

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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
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Wanchai, Hong Kong

REGISTERED OFFICE

Intertrust Corporate Services (Cayman) Limited
One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
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HEADQUARTERS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

COMPANY'S WEBSITE

www.chinasilver.hk

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
815

PRINCIPAL BANKERS

Bank of Ganzhou
Agricultural Bank of China

AUDITOR

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

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

LEGAL ADVISORS

Hong Kong law:

Sullivan & Cromwell (Hong Kong) LLP

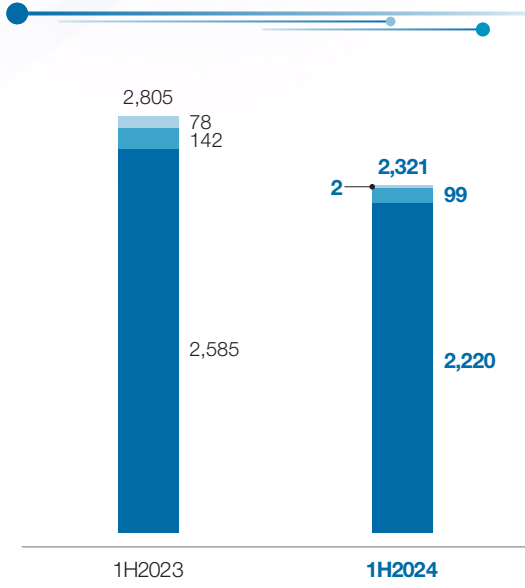
Cayman Islands law:

Conyers Dill & Pearman

FINANCIAL HIGHLIGHTS

Revenue

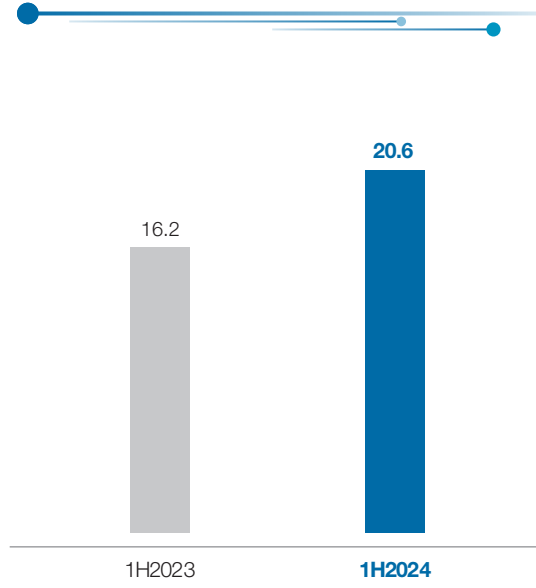
(RMB million)



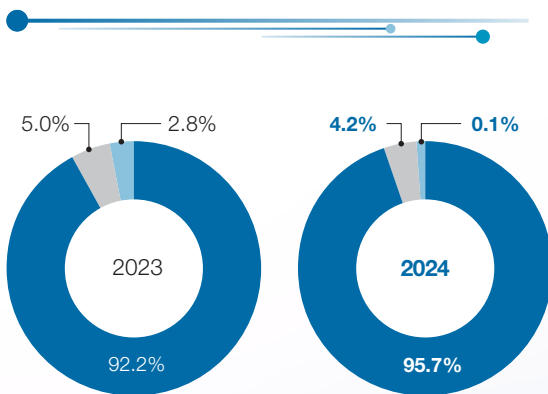
- Manufacturing
- New Jewellery Retail
- Fresh Food Retail

Profit Attributable to Owners of the Company

(RMB million)



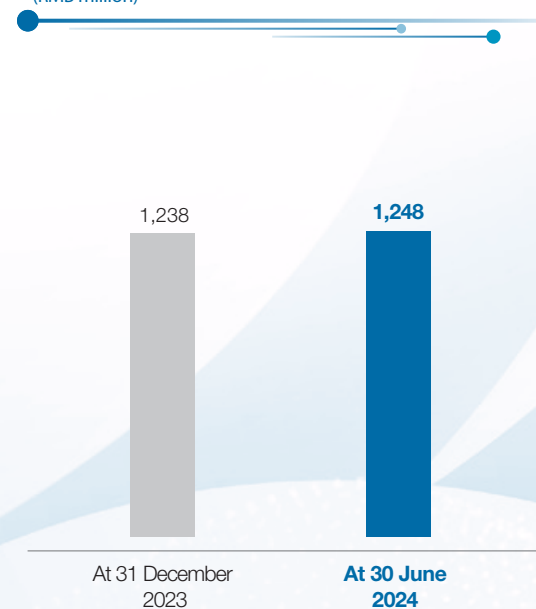
Segment Revenue



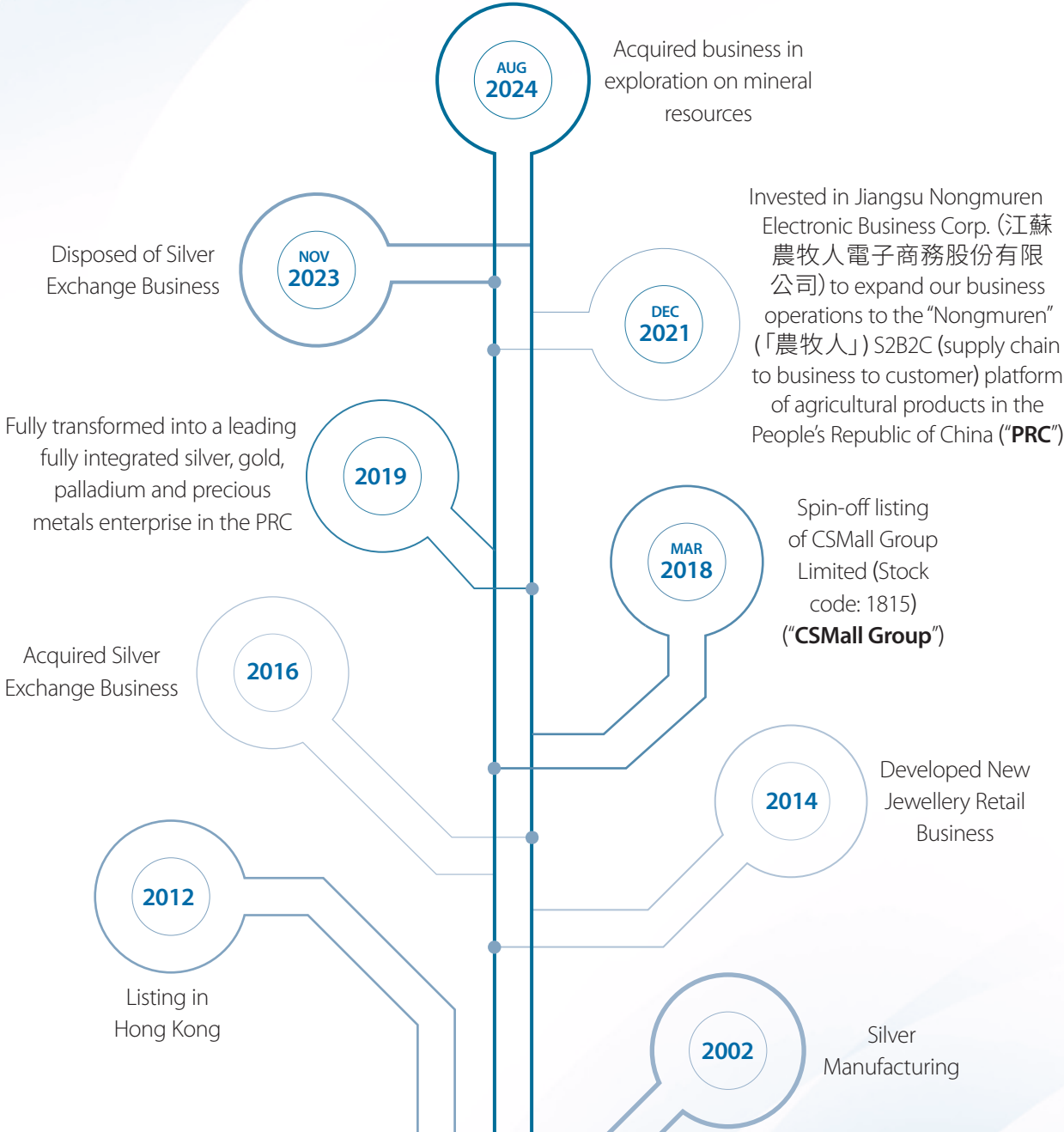
- Manufacturing segment
- New Jewellery Retail segment
- Fresh Food Retail segment

Net Assets

(RMB million)



OUR MILESTONES



SELECTED BRANDS AND PRODUCTS



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, with the adverse impacts of domestic structural adjustments surfacing, the PRC's economy remained in a critical period of recovery, undergoing transformation and upgrades. The external environment was increasingly intricate, harsh and unpredictable, and the factors influencing economic growth becoming more intricate than previously observed. While there was a noticeable recovery trend in the PRC's overall consumption, residents' individual consumption remained subdued. In view of the PRC's macroeconomic development being under pressure in the past six months and the current situation of weak consumption, in addition to strengthening its core businesses, the Group has been exploring and considering suitable business opportunities within and outside the jewellery industry from time to time to diversify business risks.

During the period, the Group had three business segments, including (i) Manufacturing segment, i.e. manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC; (ii) New Jewellery Retail segment operated under CS Mall Group, i.e. designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC; and (iii) Fresh Food Retail segment also operated under CS Mall Group, i.e. integrated online-and-offline sales of fresh food in the PRC, and providing related electronic platforms and branding and software as a service ("SaaS") services along the agricultural supply chain in the PRC.

In the six months ended 30 June 2024 ("1H2024"), the "Nongmuren" S2B2C platform of the Fresh Food Retail segment continued to make further strategic adjustments, and suspended the rapid expansion model and the original business expansion of the Meat Shopkeeper. In 2024, the focus of the Group was expected to be placed on exploring more competitive product categories and establishing and solidifying Lamb Shopkeeper (羊掌櫃), Noodle Shopkeeper (麵掌櫃) and other new shopkeepers of different forms. The Fresh Food Retail segment is still further adjusting its marketing strategy and will invest funds towards building supply chain capacity and development of new business lines.

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 on 28 September 2023 and the disposal was completed on 1 November 2023.

The Group recorded net profit attributable to owners of the Company of approximately RMB20.6 million for 1H2024, representing an increase of approximately 27.2% as compared to the net profit attributable to owners of the Company of approximately RMB16.2 million for the six months ended 30 June 2023 ("1H2023"), mainly due to the following factors:

- (i) in respect of the Group's Manufacturing segment, although the sales volume for 1H2024 had reduced, the net profit margin increased due to (a) increase in silver price in 1H2024 compared to 1H2023, and (b) reduction in administrative expenses and other costs and expenses as a result of improved cost control, resulting in an increase in net profit for the segment for 1H2024; and
- (ii) in respect of the Group's New Jewellery Retail segment operated under the Company's non-wholly-owned subsidiary CS Mall, although the segment's overall sales volume for 1H2024 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 higher gross profit margin compared to gold products, resulting in an increase in gross profit and thus a turnaround from net loss to net profit for the segment for 1H2024,

MANAGEMENT DISCUSSION AND ANALYSIS

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

- (iii) in respect of the Group's discontinued operation (classified as the Group's Silver Exchange segment before 1 November 2023), a net profit was recorded for such operation in 1H2023, while no such profit was recorded in 1H2024 due to the discontinuation and disposal of such operation;
- (iv) in respect of the Group's Fresh Food Retail segment operated under CS Mall, given that the "Nongmuren" S2B2C platform had been continuously undergoing business reorganization and adjusting its business strategies, the sales volume for 1H2024 had reduced compared to that for 1H2023; in addition, the segment has recognized an impairment loss on goodwill of approximately RMB8.5 million due to a re-estimation of the segment's expected future cash flows, resulting in an increase in net loss for the segment for 1H2024; and
- (v) a net provision for impairment loss under expected credit loss model of approximately RMB6.1 million has been recognized for 1H2024 in respect of the Group's trade and other receivables, as compared to approximately RMB1.4 million for 1H2023. The significant increase was mainly due to the longer aging of trade and other receivables. In view of the general economic condition and an assessment of both the current condition and future forecast, a more conservative provision for impairment was provided based on the expected credit loss model during the period.

Manufacturing Segment

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

For 1H2024, the Group's Manufacturing segment generated external sales of approximately RMB2,220.5 million, representing a decrease of approximately 14.1% as compared to approximately RMB2,584.6 million for 1H2023. For 1H2024 and 1H2023, all revenue was contributed by sales of silver ingots. Despite the decline in revenue, the profit of the Manufacturing segment increased by approximately 8.1% from approximately RMB36.1 million for 1H2023 to approximately RMB39.0 million for 1H2024. The increase in segment profit was due to higher silver prices for 1H2024 as compared to 1H2023, and the rising silver prices contributed to a higher gross profit margin for the Manufacturing segment. In addition, improved cost control resulted in a decrease in administrative and other expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

New Jewellery Retail Segment Operated under CSMall Group (Stock Code: 1815)

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. 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.

For 1H2024, the New Jewellery Retail segment of CSMall Group recorded external sales of approximately RMB98.5 million, representing a decrease of approximately 30.6% as compared to approximately RMB141.9 million for 1H2023. External sales revenue accounted for approximately 4.2% (1H2023: 5.1%) of the Group's total revenue. Despite the decline in sales revenue, the results of the New Jewellery Retail segment saw a turnaround from a segment loss of approximately RMB4.5 million for 1H2023 to a segment profit of approximately RMB5.0 million for 1H2024. Such turnaround from loss to profit was mainly because the Group recorded a growth in sales of silver products with higher gross profit margin during the current period, as contrasted with the sharp decline in sales of gold jewellery with lower gross profit margin.

New Retail Business

The sales strategy of the New Jewellery Retail segment is primarily focused on gold and silver, supplemented by gemstones and jewellery. During 1H2024, gold and silver sales accounted for approximately 97.6% of the segment's total sales. Building upon the foundation of our gold and silver business, we also developed a new business, i.e. the lab-grown diamond brand, SISI. Last year, SISI focused its resources and efforts on the brand planning, brand marketing, product design, team structure adjustment and expansion, and regional agency nationwide of this project, and vigorously invested in development. After intensive preparations, the products of the brand SISI gradually entered the market.

As central banks in many countries increased their gold reserves and international geopolitical tensions continued, gold and silver prices soared in the first half of the year. We will pay continuous attention to the trend of gold and silver prices, monitor their impact on the retail business, and seize the growth opportunity to intensify the development of the core businesses of gold and silver.

Compared with overseas markets, the development of lab-grown diamond industry in the PRC is relatively late. At the current stage, the penetration rate of lab-grown diamond jewellery consumption in the PRC is low, and there is still a relatively large room for improvement. The present lab-grown diamond market is in the stage of cultivating consumers' awareness of lab-grown diamond. After one or two years of market cultivation, the popularity of domestic lab-grown diamond consumption concept may usher in a big outbreak and reach a higher degree of awareness, and the lab-grown diamond industry market will expand. The Group's SISI brand differentiates itself from the monotonous marketing and sales methods of other lab-grown diamonds brands currently on the market. SISI adheres to "one source for one diamond" and focuses on "growing warm jewellery-grade DNA diamonds for love" with the brand concept of "growing diamonds for love". The concept is applied in various life scenes, e.g. "Love Diamond", "Lanugo Diamond", "Family Diamond", "Pet Diamond", "Friendship Diamond", and "Self-Pleasing Diamond", to connect the emotions of new life, encounter, companionship and commemoration.

Apart from lab-grown diamonds, the Group also continues to be optimistic about the room for appreciation and market potential of colored gemstones. Given their scarcity and investment value, colored gemstones such as rubies are poised to experience a consistent and stable price increase in the long run. In response, the Group will prudently evaluate its sales strategy and progressively broaden its sales channels.

Due to the Group's new business initiatives, store expansion was halted in the first half of the year. Online sales still account for more than 50% of the total sales of the New Jewellery Retail segment. In recent years, the Group enhanced online sales operations by expanding online sales channels and through new marketing models including short video marketing, e-commerce live streaming and online celebrity (KOL) promotion in reliance on the strong traffic of third-party platforms. Besides developing the existing e-commerce and live streaming sales of product categories, the Group also actively expanded the new business of SISI. The Group launched its new social media-based operating model through WeChat (微信) official account, TikTok (抖音), Xiaohongshu (小紅書), video channel, Weibo (微博), etc., to achieve strong exposure for the SISI brand through content integration.

MANAGEMENT DISCUSSION AND ANALYSIS

Online Sales Channels

In 1H2024, our third-party online platforms included JD.com (京東), Suning (蘇寧), Tmall (天貓), WeChat (微信), Tik Tok (抖音) and Xiaohongshu (小紅書) and 13 television and video shopping channels in the PRC to promote and sell our jewellery products. We also became a core supplier in the gold, silver and jewellery category of all top television channels, which enabled us to achieve satisfactory sales performance. With a daily coverage of over 100 million home viewers in the PRC, our brand awareness among a vast population of Chinese viewers of television and video shopping channels was enhanced substantially.

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



MANAGEMENT DISCUSSION AND ANALYSIS

Offline Retail and Service Network

(1) *CSmall Shops*

During the six months ended 30 June 2024, due to the development of the new business, the Group ceased to expand existing stores and adjusted the layout of offline business outlets. As of 30 June 2024, we had 10 franchised CSmall Shops located in 6 provinces and municipalities in the PRC, with presence in Beijing, Heilongjiang, Henan, Tibet, Xinjiang and Zhejiang.

(2) *Shenzhen Exhibition Hall*

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



MANAGEMENT DISCUSSION AND ANALYSIS

SISI
美好时光 为爱记录

守护DNA钻石项链

SISI - 美好时光 为爱记录 - 曾梦雪

美好时光 为爱记录

美好时光 为爱记录

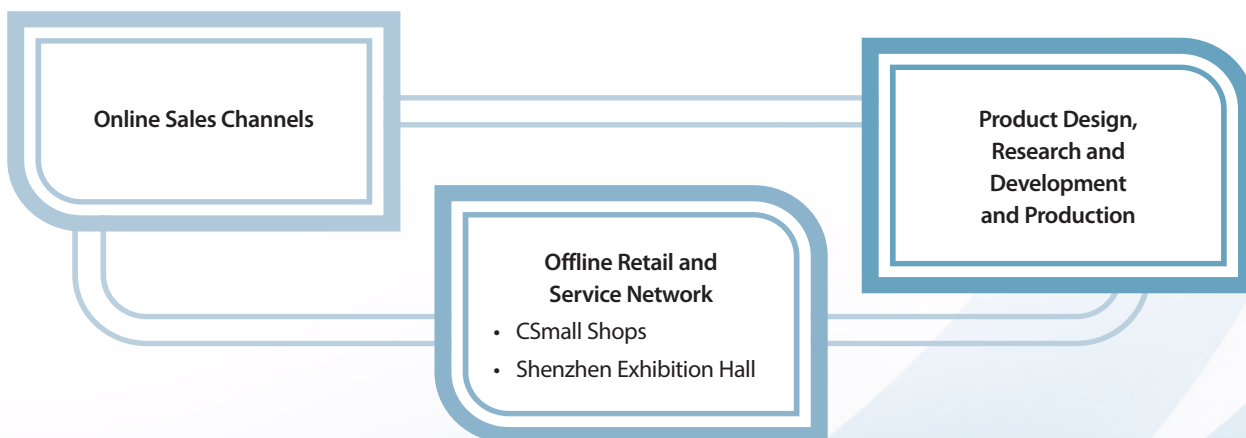
美好时光 为爱记录

曾梦雪——享受爱与被爱
珍藏一颗独一无二的SISI DNA钻石礼物

罗米——精致悦己
为自己种了一颗SISI DNA钻石

美好时光 为爱记录

张新成——爱宠
为自己的狗狗种了一颗SISI DNA钻石



MANAGEMENT DISCUSSION AND ANALYSIS

Fresh Food Retail Segment Operated under CSmall Group

On 31 December 2021, the Group entered into an investment agreement for investment and control in Jiangsu Nongmuren Electronic Business Corp.* (江蘇農牧人電子商務股份有限公司) ("Jiangsu Nongmuren") which is the developer and operator of the 「農牧人」 S2B2C (supply chain to business to customer) platform ("Nongmuren", meaning farmers and herdsmen). The Nongmuren S2B2C platform, officially launched in May 2021, provides branding and SaaS (software as a service) services along the agricultural supply chain in the PRC. Through the investment, the Group expands its business operations from the retail of jewellery, a non-essential good, to the retail of agricultural products, an essential good, thereby digitally empowering another traditional industry, namely the agricultural products industry, and promoting the modernization of the agricultural sector. At present, the Nongmuren platform is still further adjusting its marketing strategy and will invest funds towards building supply chain capacity and development of new business lines, and therefore only a small amount of sales was recorded for 1H2024.

For 1H2024, the Fresh Food Retail segment recorded revenue of approximately RMB2.2 million (1H2023: RMB78.1 million), and recorded a segment loss of approximately RMB15.4 million (1H2023: RMB10.9 million). The loss was mainly contributed by the recognition of impairment loss on goodwill of approximately RMB8.5 million due to the re-estimation of the segment's expected future cash flows.



MANAGEMENT DISCUSSION AND ANALYSIS

Silver Exchange Segment (shown as discontinued operation)

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

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 on 28 September 2023 and the disposal was completed on 1 November 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

In 2024, despite the complex and volatile external environment, weakening global economic growth, geopolitical conflicts, international trade frictions and other issues, the prices of precious metals increased due to the nature of safe haven assets. As a result, the Group also benefited from increased prices of precious metals, which led to higher gross profit margin of gold and silver products. The Group will continue to focus on the production and sales of silver, gold and other precious metals as its main core businesses. While pursuing business performance, the Group will emphasize the sustainability of its precious metals business and strive to maintain higher standards of business practices in respect of environmental protection.

In addition to further consolidating the industry position in the precious metal manufacturing business, the Group will also explore and consider suitable business opportunities both within and outside the core industry in a timely manner. As disclosed in the announcement dated 15 August 2024, CSMall Group obtained 51% effective ownership in Jiangxi Letong New Materials Company Limited* (江西樂通新材料有限公司) (“Jiangxi Letong”) which, through its wholly owned subsidiary Tibet Longtianyong Mining Company Limited* (西藏龍天勇礦業有限公司) (“Tibet Longtianyong”), indirectly holds an exploration license with exploration rights to mineral resources in Lhoka, Tibet. The Group is of the view that the acquisition of Jiangxi Letong and the exploration license with exploration rights to mineral resources will not only bring synergy to the Group and the CSMall Group’s existing business, but also help to diversify their business risks.

The sales strategy of the New Jewellery Retail segment under CSMall Group is primarily focused on gold and silver, supplemented by gemstones and jewellery. In addition, the Group will continue to look for new business growth drivers. The Group has also developed a new business, i.e. the lab-grown diamond brand SISI, the products of which are expected to gradually enter the market.

Looking ahead, the global risk aversion is expected to remain high and the market demand for precious metals will last. Therefore, the Group maintains its confidence in the prospects of silver, precious metals and colored diamonds. The Group will maintain steady operation to proceed with its core businesses, and leverage its strengths to maintain sustained profitability and continue to seek opportunities. We are optimistic and confident about the Group’s future operations.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for 1H2024 was approximately RMB2,321.2 million (1H2023: RMB2,804.6 million), representing a decrease of approximately 17.2% from that of 1H2023.

	1H2024		1H2023	
	Revenue RMB'000 (unaudited)	% of revenue (unaudited)	Revenue RMB'000 (unaudited) (restated)	% of revenue (unaudited) (restated)
Continuing operations				
Manufacturing segment				
Sale of silver ingots	2,220,488	95.7%	2,584,609	92.2%
Segments operated under CS Mall Group				
New Jewellery Retail segment				
Sale of gold, silver, colored gemstones and gem-set and other jewellery products	98,509	4.2%	141,867	5.0%
Fresh Food Retail segment				
Sale of fresh food products	2,248	0.1%	78,106	2.8%
	100,757	4.3%	219,973	7.8%
Total	2,321,245	100.0%	2,804,582	100.0%

Manufacturing segment

External sales of silver ingot reduced from approximately RMB2,584.6 million for 1H2023 to approximately RMB2,220.5 million for 1H2024, representing a decrease of approximately 14.1% from that of 1H2023.

MANAGEMENT DISCUSSION AND ANALYSIS

New Jewellery Retail segment operated under CS Mall Group

During 1H2024, the New Jewellery Retail segment under CS Mall Group recorded sales of approximately RMB98.5 million (1H2023: RMB141.9 million), representing a significant decrease of approximately 30.6% as compared to that for 1H2023. The significant decrease in sales for 1H2024 was due to the significant reduction of sales of golds products, which offset the increase in sales of silver products.

Fresh Food Retail segment operated under CS Mall Group

During 1H2024, the Fresh Food Retail segment, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS services along the agricultural supply chain in the PRC, recorded sales of approximately RMB2.2 million (1H2023: RMB78.1 million). Since the platform has been undergoing further business reorganization with a focus on optimizing its network of collaborative stores, the Fresh Food Retail segment has recorded a significant drop of approximately 97.1% in sales compared with 1H2023.

Cost of Sales and Services Provided

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

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

During 1H2024, the Group recorded cost of sales and services provided of approximately RMB2,251.1 million (1H2023: RMB2,749.3 million), representing a decrease of approximately 18.1% as compared to that for 1H2023. The primary reason for the decline in the Group's overall cost of sales and services provided was the reduced costs of sales in the Manufacturing segment and New Jewellery Retail segment. Both segments saw a substantial decrease in revenue, leading to a corresponding decrease in the costs of sales and services provided.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The Group recorded gross profit of approximately RMB70.1 million for 1H2024 (1H2023: RMB55.3 million), representing an increase of approximately 26.9% as compared to that for 1H2023, whereas the overall gross profit margin increased from approximately 1.97% for 1H2023 to approximately 3.02% for 1H2024. The increase in the overall gross profit margin was mainly due to the increase in sales of silver products from the New Jewellery Retail segment. Despite a significant decline in sales of gold products for 1H2024, the growth in sales of silver products, which had a higher gross profit margin compared to gold products, has contributed to the increase in overall gross profit margin for the segment for 1H2024.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 22.2% from approximately RMB16.3 million for 1H2023 to approximately RMB12.7 million for 1H2024, mainly due to the significant decrease in sales from the Fresh Food Retail segment, which resulted in lower related selling and distribution expenses.

Administrative Expenses

Administrative expenses decreased by approximately 21.8% from approximately RMB26.2 million for 1H2023 to approximately RMB20.5 million for 1H2024. The decrease was primarily attributable to ongoing impact of cost control measures in the Fresh Food Retail segment following the abovementioned adjustment in the business strategies.

Income Tax Expense

Income tax expense increase from approximately RMB7,000 for 1H2023 to approximately RMB1.9 million for 1H2024 mainly due to the increase in the provision for PRC Enterprise Income Tax during the year and deferred tax adjustment.

Profit Attributable to Owners of the Company

Overall, for the reasons described above, the Group recorded profit attributable to owners of the Company of approximately RMB20.6 million for 1H2024 (1H2023: RMB16.2 million).

Inventories, Trade Receivables and Trade Payables Turnover Cycle

The Group's inventories mainly comprise silver bars, colored gemstones, jewellery products, gold bars and fresh food products. For 1H2024, inventory turnover days were approximately 90 days (for the year ended 31 December 2023: 72 days). The increase in inventory turnover days was primarily due to the reduced sales in the New Jewellery Retail segment, which led to slower-moving inventory.

The turnover days for trade receivables for 1H2024 were approximately 5 days (for the year ended 31 December 2023: 3 days). The increase in turnover days for trade receivables was primarily attributed to the decrease in sales of the Fresh Food Retail segment which provides shorter credit term to its customers in general.

The turnover days for trade payables for 1H2024 were approximately 3 days (for the year ended 31 December 2023: 3 days), the turnover days remain stable for both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Borrowings

As of 30 June 2024, the Group's bank borrowings balance amounted to approximately RMB407.2 million (as of 31 December 2023 RMB421.2 million). The amounts are secured by: (i) certain assets of the Group; (ii) personal guarantee and properties held by Mr. Chen Wantian and Ms. Zhou Peizhen; (iii) personal guarantee, corporate guarantee and certain assets of a supplier and independent third parties; and will be due for repayment within one year.

Among them, approximately RMB171.0 million (as of 31 December 2023: RMB189.5 million) was carried at fixed interest rates, and approximately RMB236.2 million (as of 31 December 2023: RMB231.7 million) was carried at floating interest rates.

The Group's net gearing ratio was calculated on the basis of total bank borrowings less bank balances and cash as a percentage of total equity. As of 30 June 2024, the Group was in a net cash position with a net gearing ratio of approximately -11.1% (as of 31 December 2023: -8.4%).

Pledge of Assets

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
– Property, plant and equipment	52,762	57,766
– Leasehold lands (included in right-of-use assets)	15,373	15,590
– Pledged bank deposits	39,900	107,900
	108,035	181,256

Capital Expenditures

For 1H2024, the Group did not have any capital expenditures (1H2023: RMB5.9 million invested in property, plant and equipment).

Capital Commitments

As of 30 June 2024 and 31 December 2023, the Group did not have any capital commitments.

Contingent Liabilities

As of 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

Employees

As of 30 June 2024, the Group employed 190 staff members (as of 31 December 2023: 274 staff members) and the total remuneration for 1H2024 amounted to approximately RMB16.3 million (1H2023: RMB20.5 million). The Group's remuneration packages are in line with the current legislation in the relevant jurisdictions, the experience and qualifications of individual employees and the general market conditions. Bonuses are linked to the Group's financial results as well as to individual performances. The Group ensures that adequate training and professional development opportunities are provided to all employees so as to satisfy their career development needs.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The Group maintained a healthy liquidity position during 1H2024. During 1H2024 and 1H2023, the Group was principally financed by internal resources and bank borrowings. During 1H2024, the Group's principal financing instruments comprised bank balances and cash, pledged bank deposits, trade and other receivables, trade, bills and other payables, and bank borrowings. As of 30 June 2024, the bank balances and cash, net current assets, and total assets less current liabilities were approximately RMB545.3 million (as of 31 December 2023: RMB524.7 million), RMB1,111.6 million (as of 31 December 2023: RMB1,084.3 million) and RMB1,252.5 million (as of 31 December 2023: RMB1,243.7 million), respectively.

Interim Dividend

The Board has resolved not to declare an interim dividend for 1H2024 (1H2023: nil).

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

The Group did not hold any significant investment nor carry out any significant acquisition and disposal of subsidiaries, associates and joint ventures during 1H2024, nor was there any plan for other significant investment or acquisition of capital assets in the future.

Significant Event After the Reporting Period

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 CSmall 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 for a total consideration of RMB2,550,000.

Jiangxi Letong is a company incorporated in the PRC with limited liability. Jiangxi Letong held 100% equity interest in Tibet Longtianyong, a company incorporated in the PRC with limited liability. Tibet Longtianyong is principally engaged in the exploration of lead and zinc mines. The transaction was completed on 21 August 2024.

On behalf of the Board

Chen Wantian

Chairman

Hong Kong, 30 August 2024

* For identification purpose only

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interests in Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares ¹	Approximate percentage of interest in our Company
Mr. Chen Wantian	Beneficiary of a trust ²	308,222,187	15.77%
	Beneficial interest ²	3,250,000	0.17%
Mr. Song Guosheng	Beneficial interest ³	956,797	0.05%

Notes:

- All interests are long positions.
- Mr. Chen Wantian is deemed to be interested in 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 was granted share options to subscribe for 2,200,000 Shares, details of which are disclosed under the paragraph headed "Share Option Schemes" below, and is the beneficial owner of 1,050,000 Shares.
- Mr. Song Guosheng was granted share options to subscribe for 500,000 Shares, details of which are disclosed under the paragraph headed "Share Option Schemes" below. Further, Mr. Song Guosheng is the beneficial owner of 456,797 Shares.

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

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

Notes:

- All interests are long positions.
- Mr. Chen Wantian is deemed to be interested in 10,462,036 shares of CSMAI 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 CSMAI Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as of 30 June 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.

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

So far as known to the Directors, the register of substantial shareholders required to be kept by our Company under Section 336 of Part XV of the SFO shows that as of 30 June 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	3,250,000	0.17%

Notes:

- All interests are long positions.
- The entire issued share capital of Rich Union Enterprises Limited has been transferred from Mr. Chen Wantian to his spouse, Ms. Zhou Peizhen, on 19 June 2023. Ms. Zhou Peizhen has declared that all such Shares are held in trust for the benefit of Mr. Chen Wantian. Mr. Chen Wantian was granted share options to subscribe for 2,200,000 Shares, details of which are disclosed under the paragraph headed "Share Option Schemes" below, and is the beneficial owner of 1,050,000 Shares.

Save as disclosed above, as of 30 June 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

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

Details of the movement of the share options granted under the 2012 Scheme during the six months ended 30 June 2024 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as of 1 January 2024	Lapsed during the period	Exercised during the period	Outstanding as of 30 June 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	–	–	68,500,000

The total number of Shares available for issue under the 2012 Scheme is 68,500,000, representing approximately 3.51% of the Company’s issued share capital as of 30 June 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of the movement of the share options granted under the 2015 Scheme during the six months ended 30 June 2024 are as follows:

Name	Date of grant	Exercise price per share	Exercise period	Outstanding as of 1 January 2024	Lapsed during the period	Exercised during the period	Outstanding as of 30 June 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 is 81,000,000, representing approximately 4.15% of the Company's issued share capital as of 30 June 2024.

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

Notes:

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

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

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules. During 1H2024, the Company had complied with the code provisions under the CG Code, except for the following deviations:

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 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 had complied with the required standard of dealings as set out in the Model Code during 1H2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during 1H2024.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the financial reporting processes, risk management and internal control systems and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024. The Audit Committee is of the opinion that these unaudited condensed consolidated financial statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

CORPORATE GOVERNANCE AND OTHER INFORMATION

NOMINATION COMMITTEE

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

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

REMUNERATION COMMITTEE

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

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

APPENDIX D2 TO THE LISTING RULES

According to paragraph 40 of Appendix D2 to the Listing Rules headed “Disclosure of Financial Information”, save as disclosed in this interim report, the Company confirms that the Company’s current information in relation to those matters set out in paragraph 32 of Appendix D2 has not been changed significantly from the information disclosed in the Company’s 2023 annual report.

On behalf of the Board

Chen Wantian

Chairman

Hong Kong, 30 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (Restated)
Continuing operations			
Revenue	5	2,321,245	2,804,582
Cost of sales and services provided		(2,251,116)	(2,749,300)
Gross profit		70,129	55,282
Other income, net		3,184	5,023
Other gains and losses, net		(1,337)	(2,564)
Selling and distribution expenses		(12,686)	(16,300)
Administrative expenses		(20,464)	(26,184)
Research and development expenses		(403)	(524)
Impairment loss on goodwill	12	(8,504)	–
Provision for impairment loss under expected credit loss model, net	14	(6,063)	(1,418)
Finance costs		(11,679)	(13,483)
Profit (loss) before income tax		12,177	(168)
Income tax expense	6	(1,875)	(7)
Profit (loss) for the period from continuing operations	7	10,302	(175)
Discontinued operation			
Profit for the period from discontinued operation	8	–	1,961
Profit for the period		10,302	1,786
Other comprehensive expenses, net of income tax			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value loss on investment in an equity instrument at fair value through other comprehensive income ("FVTOCI")		–	(17)
Total comprehensive income for the period		10,302	1,769

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (Restated)
Profit (loss) for the period attributable to:			
Owners of the Company		20,556	16,164
Non-controlling interests		(10,254)	(14,378)
		10,302	1,786
Profit for the period attributable to Owners of the Company arises from:			
Continuing operations		20,556	14,203
Discontinued operation		–	1,961
		20,556	16,164
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		20,556	16,147
Non-controlling interests		(10,254)	(14,378)
		10,302	1,769
Total comprehensive income for the period attributable to Owners of the Company arises from:			
Continuing operations		20,556	14,203
Discontinued operation		–	1,944
		20,556	16,147
Earnings per share		RMB	RMB
For continuing and discontinued operations	10		
Basic		0.01	0.01
Diluted		0.01	0.01
For continuing operations			
Basic		0.01	0.01
Diluted		0.01	0.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	105,536	113,033
Goodwill	12	3,972	12,476
Right-of-use assets	11	17,762	20,300
Intangible assets	11	8,341	8,910
Investment in associates		12	12
Deferred tax assets		5,293	4,709
		140,916	159,440
CURRENT ASSETS			
Inventories		1,113,589	1,087,498
Trade and other receivables	13	149,133	142,793
Income tax recoverable		736	736
Pledged bank deposits	15	39,900	107,900
Bank balances and cash		545,312	524,682
		1,848,670	1,863,609
CURRENT LIABILITIES			
Trade, bills and other payables	16	290,544	318,019
Amount due to a non-controlling interest	17	22,978	22,513
Lease liabilities – current portion		2,363	3,989
Contract liabilities		1,948	3,584
Deferred income		714	714
Income tax payable		11,364	9,290
Bank borrowings	18	407,200	421,200
		737,111	779,309
NET CURRENT ASSETS		1,111,559	1,084,300
TOTAL ASSETS LESS CURRENT LIABILITIES		1,252,475	1,243,740

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital	19	15,935	15,935
Share premium and reserves		456,092	435,536
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
Non-controlling interests		776,375	786,629
TOTAL EQUITY		1,248,402	1,238,100
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,258	1,355
Lease liabilities – non-current portion		1,089	2,202
Deferred income		1,726	2,083
		4,073	5,640
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,252,475	1,243,740

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company										Total equity RMB'000
	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) retained profits RMB'000	Sub-total RMB'000	Attributable to non-controlling interests RMB'000	
At 1 January 2023 (audited)	15,935	1,255,434	90,366	129,731	214,306	(2,736)	(1,615)	(1,264,683)	436,738	821,145	1,257,883
Profit (loss) for the period								16,164	16,164	(14,378)	1,786
Other comprehensive expense for the period							(17)	-	(17)	-	(17)
Total comprehensive income (expense) for the period							(17)	16,164	16,147	(14,378)	1,769
At 30 June 2023 (unaudited)	15,935	1,255,434	90,366	129,731	214,306	(2,736)	(1,632)	(1,248,519)	452,885	806,767	1,259,652
At 1 January 2024 (audited)	15,935	1,255,434	89,330	129,731	214,306	(2,736)	-	(1,250,529)	451,471	786,629	1,238,100
Total comprehensive income (expense) for the period								20,556	20,556	(10,254)	10,302
At 30 June 2024 (unaudited)	15,935	1,255,434	89,330	129,731	214,306	(2,736)	-	(1,229,973)	472,027	776,375	1,248,402

Notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (Restated)
Cash flows from operating activities		
Profit (loss) before income tax from:		
Continuing operations	12,177	2,091
Discontinued operation	–	(168)
Profit before income tax including discontinued operation	12,177	1,923
Adjustments for non-cash transactions and items associated with investing or financing activities	34,877	25,437
Operating cash flows before movements in working capital	47,054	27,360
Increase in inventories	(26,091)	(81,247)
Increase in trade and other receivables	(12,403)	(22,660)
(Decrease) increase in trade, bills and other payables	(29,911)	151,820
Other working capital movements	(1,636)	(34,742)
Cash (used in) generated from operations	(22,987)	40,531
Income tax paid	–	(1,555)
Net cash (used in) generated from operating activities	(22,987)	38,976
Cash flows from investing activities		
Placement of pledged bank deposits	(45,900)	(117,800)
Withdrawal of pledged bank deposits	113,900	79,800
Purchase of property, plant and equipment	–	(3,964)
Deposits paid on acquisition of plant and equipment	–	(71)
Proceeds from disposal of property, plant and equipment	–	9
Interest income received	1,616	2,020
Net cash generated from (used in) investing activities	69,616	(40,006)
Cash flows from financing activities		
Proceed from bank borrowings	61,500	276,500
Repayments of bank borrowings	(75,500)	(256,382)
Advances from a non-controlling interest	506	5,359
Repayments to a non-controlling interest	(41)	(64)
Interest paid	(9,725)	(13,572)
Repayments of lease liabilities	(2,739)	(1,812)
Net cash (used in) generated from financing activities	(25,999)	10,029
Net increase in cash and cash equivalents	20,630	8,999
Cash and cash equivalents at 1 January	524,682	589,225
Cash and cash equivalents at 30 June	545,312	598,224

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2 MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

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

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

3 FAIR VALUE OF THE GROUP’S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers ("CODMs") (i.e. the executive directors of the Company) for the purposes of resource allocation and performance assessment, are as follows:

- (i) Manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC ("Manufacturing segment");
- (ii) Designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC ("New Jewellery Retail segment"); and
- (iii) Integrated online-and-offline sales of fresh food in the PRC, and providing related electronic platforms and branding and SaaS (software as a service) services along the agricultural supply chain in the PRC ("Fresh Food Retail segment").

The 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 this discontinued operation, which are described in more detail in Note 8.

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 from continuing operations:

For the six months ended 30 June 2024

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Segment total RMB'000 (unaudited)	Elimination RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
Continuing operations						
Revenue						
External sales	2,220,488	98,509	2,248	2,321,245	-	2,321,245
Inter-segment sales*	3,847	-	-	3,847	(3,847)	-
Total segment revenue	2,224,335	98,509	2,248	2,325,092	(3,847)	2,321,245
Results						
Segment results	38,980	5,049	(15,380)	28,649		28,649
Non-segment items						
Unallocated income, expenses, gains and losses						(4,793)
Finance costs						(11,679)
Profit before income tax from continuing operations						12,177

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2023 (Restated)

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Segment total RMB'000 (unaudited)	Elimination RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
Continuing operations						
Revenue						
External sales	2,584,609	141,867	78,106	2,804,582	–	2,804,582
Inter-segment sales*	36,392	–	–	36,392	(36,392)	–
Total segment revenue	2,621,001	141,867	78,106	2,840,974	(36,392)	2,804,582
Results						
Segment results	36,050	(4,466)	(10,929)	20,655		20,655
Non-segment items						
Unallocated income, expenses, gains and losses						(7,340)
Finance costs						(13,483)
Loss before income tax from continuing operations						(168)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

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

As at 30 June 2024

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Total RMB'000 (unaudited)
ASSETS				
Segment assets	427,587	1,517,439	43,586	1,988,612
Unallocated corporate assets				974
Total assets				1,989,586
LIABILITIES				
Segment liabilities	434,007	201,865	82,739	718,611
Unallocated corporate liabilities				22,573
Total liabilities				741,184

As at 31 December 2023

	Manufacturing segment RMB'000 (audited)	New Jewellery Retail segment RMB'000 (audited)	Fresh Food Retail segment RMB'000 (audited)	Total RMB'000 (audited)
ASSETS				
Segment assets	456,673	1,507,768	57,048	2,021,489
Unallocated corporate assets				1,560
Total assets				2,023,049
LIABILITIES				
Segment liabilities	515,851	171,604	80,313	767,768
Unallocated corporate liabilities				17,181
Total liabilities				784,949

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION (Continued)

(c) Other segment information

For the six months ended 30 June 2024

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Amounts included in the measure of segment profit or loss or segment assets:					
Continuing operations					
Depreciation of property, plant and equipment	(5,716)	(1,750)	(31)	-	(7,497)
Depreciation of right-of-use assets	(217)	(1,082)	(762)	(477)	(2,538)
Amortisation of intangible assets	(182)	-	(387)	-	(569)
Provision for impairment loss under expected credit loss model, net	-	(2,908)	(3,155)	-	(6,063)
Impairment loss on goodwill	-	-	(8,504)	-	(8,504)

For the six months ended 30 June 2023 (Restated)

	Manufacturing segment RMB'000 (unaudited)	New Jewellery Retail segment RMB'000 (unaudited)	Fresh Food Retail segment RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Total RMB'000 (unaudited)
Amounts included in the measure of segment profit or loss or segment assets:					
Continuing operations					
Depreciation of property, plant and equipment	(5,953)	(2,135)	(54)	-	(8,142)
Depreciation of right-of-use assets	(217)	(1,299)	(681)	(454)	(2,651)
Amortisation of intangible assets	(181)	-	(388)	-	(569)
Reversal of (provision for) impairment loss under expected credit loss model, net	6	(170)	(1,254)	-	(1,418)

(d) Geographical information

The Group's operations are located in the PRC. All of the Group's revenue during the six months ended 30 June 2024 and 2023 are generated in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5 REVENUE

Disaggregation of revenue from contracts with customers

Segments	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (Restated)
Continuing operations		
By types of goods and services		
Manufacturing segment		
– Sales of silver ingots	2,220,488	2,584,609
New Jewellery Retail segment		
– Sales of silver products	83,633	44,322
– Sales of gold products	12,548	96,029
– Sales of colored gemstones	1,801	1,369
– Sales of gem-set and other jewellery products	527	147
	98,509	141,867
Fresh Food Retail segment		
– Sales of fresh food products	2,248	78,106
Total	2,321,245	2,804,582

All of the revenue are recognised at a point in time during the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (Restated)
Continuing operations		
PRC Enterprise Income Tax ("EIT")		
– current period	2,557	–
Deferred tax	(682)	7
	1,875	7

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

Under the Law of the PRC on EIT (the "EIT Law") and its related implementation regulations, the Group's PRC subsidiaries are subject to the PRC EIT at the statutory rate of 25% for both periods.

7 PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited) (Restated)
Continuing operations		
Profit (loss) for the period has been arrived at after charging (crediting):		
Cost of inventories and services recognised as expenses (included in cost of sales and services provided)	2,251,116	2,749,300
Depreciation of property, plant and equipment	7,497	8,142
Depreciation of right-of-use assets	2,538	2,651
Amortisation of intangible assets	569	569
Impairment loss on goodwill (<i>note 12</i>)	8,504	–
Bank interest income	(1,616)	(2,005)
Net exchange loss	1,438	2,562
Expenses on short-term leases in respect of office premises and retail shops	83	62

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8 DISCONTINUED OPERATION

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, on which date control of Ultimate Deal was passed to the acquirer. Following the disposal of Ultimate Deal, the Group discontinued its operation in silver exchange business.

The profit for the period in relation to Silver Exchange segment for the six months ended 30 June 2023, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the six months ended 30 June 2023 RMB'000 (unaudited)
Revenue	7,887
Cost of services provided	(1,719)
Gross profit	6,168
Other income, net	1,969
Other gains and losses, net	(38)
Selling and distribution expenses	(12)
Administrative expenses	(5,996)
Profit before income tax	2,091
Income tax expenses	(130)
Profit for the period from discontinued operation	1,961
Profit for the period from discontinued operation include the following:	
Other staff costs:	
Salaries and other allowances	1,771
Retirement benefit scheme contributions	744
Total staff costs	2,515
Cost of services recognised as expenses (including in cost of services provided)	1,719
Amortisation of intangible assets	1,680
Depreciation of property, plant and equipment	566
Depreciation of right-of-use assets	2
Loss on disposal of property, plant and equipment	38

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8 DISCONTINUED OPERATION (Continued)

An analysis of the cash flows of the discontinued operation is as follows:

	For the six months ended 30 June 2023 RMB'000 (unaudited)
Cash flow from discontinued operation:	
Net cash outflow from operating activities	(679)
Net cash inflow from investing activities	214
Net cash outflow from financing activities	–
Net decrease in cash and cash equivalents in the discontinued operation	(465)

9 DIVIDENDS

No dividends were paid, declared or proposed for the ordinary shareholders of the Company during the current interim period (six months ended 30 June 2023: nil). The directors of the Company have determined that no dividend will be paid in respect of both interim periods.

10 EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited) (Restated)
Earnings		
Profit for the period attributable to owners of the Company from continuing operations for the purpose of basic and diluted earnings per share (RMB'000)	20,556	14,203
Profit for the period attributable to owners of the Company from discontinued operation for the purpose of basic and diluted earnings per share (RMB'000)	N/A	1,961
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (in thousand)	1,954,081	1,954,081

For the six months ended 30 June 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding options because the effect of exercise of these options was anti-dilutive.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/RIGHT OF USE ASSETS/INTANGIBLE ASSETS

During the current interim period, the Group did not acquire any new property, plant and equipment (six months ended 30 June 2023: RMB3,890,000 mainly consist of plant and machinery, motor vehicles and office equipment).

During the current interim period, the Group did not dispose of any property, plant and equipment (six months ended 30 June 2023: plant and machinery, motor vehicle, and office equipment with an aggregate carrying amount of RMB47,000 for cash proceeds of RMB9,000, resulting in a loss on disposal of RMB38,000).

During the six months ended 30 June 2024, the Group did not enter into any new lease agreement (six months ended 30 June 2023: two new lease agreements for the use of office premise and staff quarter for 2 to 3 years). The Group recognised RMB4,705,000 of right-of-use assets during the six months period ended 30 June 2023.

The Group did not acquire or dispose of any intangible assets during six months ended 30 June 2023 and 2024.

12 GOODWILL

	RMB'000
Cost	
As at 1 January 2023, 31 December 2023 and 30 June 2024	12,476
Impairment	
As at 1 January 2023 and 31 December 2023	–
Impairment loss recognised for the six months ended 30 June 2024	8,504
As at 30 June 2024	8,504
Carrying values	
As at 30 June 2024	3,972
As at 31 December 2023	12,476

The goodwill is allocated to the cash generating unit (“CGU”) Fresh Food Retail segment. For the purposes of impairment review, the recoverable amount of CGU is determined based on the value-in-use calculations which require the use of assumptions and estimates.

For the six months ended 30 June 2024, management considered the Fresh Food Retail segment to continuously undergo business reorganisation and business strategies adjustments, which resulted in the reduction in sales volume for the six months ended 30 June 2024. The management decided to re-estimate the segment’s expected future cash flows for the six months ended 30 June 2024, and recognised an impairment loss on goodwill of approximately RMB8,504,000 as at 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12 GOODWILL (Continued)

The calculation uses pre-tax cash flow projections based on financial budgets approved by management using an average annual growth rate in the 7.5 years period from the balance sheet date of 59.7% (31 December 2023: an average annual growth rate in 8 years period of 70.1%). Management believes that it is appropriate for the cash flow projections to cover a 7.5 years (31 December 2023: 8 years) period because it captures the early development stage of the Fresh Food Retail segment during which the Group expects to experience a high growth rate of revenue.

Cash flows beyond the 7.5 years period are expected to be similar to that of the 7.5 year, taking into account of the estimated terminal growth rate of 2.0% (31 December 2023: 2.0%). The assumptions used for budgeted revenue and gross profit margin are considered with reference to the latest market condition and the historical data. The operating cash inflows generated from the Fresh Food Retail segment are mainly from the retail sales of fresh food products which cash are received upon sales, and accordingly the management considers the credit risk of cash flows to be insignificant. The pre-tax discount rate used is 18.8% (31 December 2023: 18.8%). Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the CGU.

13 TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables for contracts with customers	83,108	79,354
Less: allowance for expected credit losses in respect of trade receivables	(25,694)	(22,293)
	57,414	57,061
Other receivables, deposits and prepayments	75,828	70,669
Less: allowance for expected credit losses in respect of other receivables	(8,521)	(5,859)
Prepayments to suppliers (<i>note</i>)	3,073	4,644
Value-added tax ("VAT") recoverable	20,417	15,359
Refundable rental deposit	922	919
	149,133	142,793

Note: The balance represents prepayments for purchase of inventories under the Group's New Jewellery Retail segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13 TRADE AND OTHER RECEIVABLES (Continued)

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

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0-30 days	50,242	51,317
31-60 days	585	633
61-90 days	15	188
Over 90 days	6,572	4,923
	57,414	57,061

In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Details of impairment assessment of trade and other receivables for the six months ended 30 June 2024 and 2023 are set out in Note 14.

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Provision for impairment loss recognised in respect of,		
– trade receivables, net	3,401	1,418
– other receivables, net	2,662	–
	6,063	1,418

The basis of determining the inputs and assumptions and the estimation techniques used in estimation of expected credit loss in respect of trade receivables and other receivables in these condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15 PLEDGED BANK DEPOSITS

As at 30 June 2024, pledged bank deposits amounting to RMB39,900,000 (31 December 2023: RMB107,900,000) represent deposits pledged to a bank to secure bills payables (see Note 16(ii)) of the Group. The bills payables and bank borrowings are due for repayment within one year from the end of the reporting period, and thus the pledged bank deposits are classified as current assets.

16 TRADE, BILLS AND OTHER PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade payables	30,500	42,031
Other payables and accrued expenses (Note i)	152,506	105,771
Bills payables (Note ii)	79,800	147,800
VAT and other tax payables	20,325	15,004
Provision for termination of assignment contracts (Note iii)	7,413	7,413
	290,544	318,019

Notes:

- (i) Included in the other payables are payables for interest payables amounting to RMB2,101,000 (31 December 2023: RMB147,000).
- (ii) As at 30 June 2024, bills payables amounting to RMB79,800,000 (31 December 2023: RMB147,800,000) are secured by pledged bank deposits of RMB39,900,000 (31 December 2023: RMB107,900,000). All bills payables are issued to suppliers 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 non wholly-owned subsidiary of the Group entered into an assignment contract (the "Contract") with Huzhou South Taihu New District Management Committee (the "Committee") and Huzhou Municipal Bureau of Natural Resources and Planning (the "Huzhou Municipal Bureau") in relation to the acquisition of the land use right over a piece of land located in Huzhou, the PRC (the "Acquisition"). The total consideration for the land use right was RMB285,000,000.

On 29 and 30 June 2020, Huzhou Baiyin entered into a termination agreement (the "Termination Agreement") with the Committee and the Huzhou Municipal Bureau, and a compensation agreement with the Committee, pursuant to which the Committee and the Huzhou Municipal Bureau agreed to terminate the Contract and the Committee agreed to refund the deposits received amounting to RMB270,875,000 (the "Compensation Sum") and compensate for (i) the capital expenditure and other expenses incurred by the Group in connection with the exploration, design and pre-construction works on the land; and (ii) certain taxes paid by another indirect non wholly-owned subsidiary of the Group. As at 31 December 2021, the Group had already paid an aggregate amount of RMB290,094,000 in relation to the Acquisition and fully received the Compensation Sum.

As at 30 June 2024, certain pre-construction costs that had been incurred before the termination of the Acquisition remained payable by the Group, which amounted to RMB7,413,000 (31 December 2023: RMB7,413,000).

* The English name is for identification only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16 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:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0-30 days	629	17,659
31-60 days	31	60
61-90 days	206	292
Over 90 days	29,634	24,020
	30,500	42,031

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

17 AMOUNT DUE TO A NON-CONTROLLING INTEREST

As at 30 June 2024 and 31 December 2023, the amount due to a non-controlling interest is non-trade in nature, unsecured, interest-free and repayable on demand.

18 BANK BORROWINGS

The total banking facility granted to the Group amounted to RMB408,700,000 (31 December 2023: RMB445,000,000) of which RMB407,200,000 (31 December 2023: RMB421,200,000) were utilised as at 30 June 2024.

As at 30 June 2024, bank borrowings are secured and/or guaranteed by (i) leasehold land and building with aggregate carrying amount of RMB15,373,000 and RMB52,762,000 respectively; (ii) personal guarantee and properties held by a director of the Company, Mr. Chen Wantian and his spouse; (iii) personal guarantee, corporate guarantee and certain assets of a supplier and independent third parties; and (iv) personal guarantee from directors of subsidiaries (31 December 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 borrowings of RMB171,000,000 as at 30 June 2024 (31 December 2023: RMB189,500,000) carry interest at fixed rates, ranging from 3.45% to 5.61% (31 December 2023: 4.25% to 5.61%) per annum and RMB236,200,000 (31 December 2023: RMB231,700,000) carry interest at loan prime rate plus 0.00% to 2.80% (31 December 2023: 0.91% to 2.80%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19 SHARE CAPITAL

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

As at 30 June 2024, the number of shares in respect of which options had been granted and remained outstanding was 149,500,000 (30 June 2023: 151,950,000) representing 7.65% (30 June 2023: 7.78%) of the shares of the Company in issue at the end of the reporting period. All the share options were vested and the related expenses were recognised in profit or loss in previous years.

20 SHARE OPTION SCHEME

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

During the six months ended 30 June 2024 and 2023, there were no share options lapsed, granted or exercised under the Scheme.

As at 30 June 2024, the outstanding share options under the Scheme were 68,500,000 (31 December 2023: 68,500,000), and the outstanding share options under the New Scheme were 81,000,000 (31 December 2023: 81,000,000).

Further details of share option scheme were set out in the Group’s consolidated financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21 PLEDGE OF ASSETS

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Property, plant and equipment	52,762	57,766
Leasehold lands (included in the right-of-use assets)	15,373	15,590
Pledged bank deposits	39,900	107,900
	108,035	181,256

22 RELATED PARTY DISCLOSURES

(i) Related party transactions and balances

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

(ii) Compensation of key management personnel

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries and other allowances	2,825	3,245
Retirement benefits schemes contributions	32	28
	2,857	3,273

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

23 MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2024, the Group has no major non-cash transactions (six months ended 30 June 2023: two new lease agreements for the use of office premise and staff quarter for 2 to 3 years, the Group recognised RMB4,705,000 of right-of-use assets and RMB4,705,000 of lease liabilities).

24 EVENT AFTER THE REPORTING PERIOD

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 CSMall 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.

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

* *The English name is for identification only.*