

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國白銀集團

CHINA SILVER GROUP

CHINA SILVER GROUP LIMITED

中國白銀集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 815)

PROFIT UPDATE

This announcement is made by China Silver Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the Group’s unaudited consolidated management accounts for the six months ended 30 June 2022 (“**1H 2022**”) (which have not been confirmed, reviewed or audited by the Company’s auditors or audit committee, and may be subject to adjustment) and other information currently available to the Group, the Group expects to record a net loss attributable to owners of the Company of RMB25 million to RMB35 million for 1H 2022, as compared to a net loss attributable to owners of the Company of approximately RMB2,394 million for the six months ended 30 June 2021 (“**1H 2021**”). Such expected significant year-on-year decrease in net loss is mainly attributable to the one-time write-off of inventories of approximately RMB2,408 million recorded in 1H 2021 as a result of certain inventory of raw materials of Jiangxi Longtianyong Nonferrous Metals Co., Ltd. (江西龍天勇有色金屬有限公司) (“**Jiangxi Longtianyong**”), a major subsidiary of the Group’s manufacturing segment, being deemed to be hazardous waste and ordered to be disposed of (the “**Inventory Write-off**”), and the absence of the Inventory Write-off in 1H 2022. For further details of the Inventory Write-off, please refer to the Company’s (i) inside information announcement dated 7 June 2021; (ii) interim results announcement for 1H 2021 dated 30 August 2021; and (iii) unaudited annual results announcement for full-year 2021 dated 29 March 2022 and audited annual results announcement for full-year 2021 dated 13 May 2022.

Excluding the impact of the Inventory Write-off, the Group would have recorded a net profit attributable to owners of the Company of approximately RMB14 million for 1H 2021. On this basis, the aforesaid expected net loss attributable to owners of the Company of RMB25 million to RMB35 million for 1H 2022 would represent a year-on-year turnaround from profit to loss, which is mainly attributable to the following factors:

- (i) in respect of the Group's manufacturing segment, the amount of external sales for 1H 2022 was significantly lower than that for 1H 2021 due to Jiangxi Longtianyong's suspension of production since 26 April 2021 and partial resumption of production on a commercial scale only since mid June 2022, while certain fixed costs not dependent on the level of production were incurred during both 1H 2021 and 1H 2022;
- (ii) in respect of the Group's new jewellery retail segment operated under the Company's non-wholly-owned subsidiary CS Mall Group Limited (stock code: 1815) ("CS Mall"), the volume of sales through both its online sales channels and its offline retail and service network for 1H 2022 was lower than that for 1H 2021 primarily due to the resurgence of COVID-19 in various parts of China in March to June 2022, which resulted in temporary business suspensions and further weakened consumer sentiment in China;
- (iii) in respect of the Group's silver exchange segment, the trading volume and hence commission income for 1H 2022 were lower than those for 1H 2021 primarily due to the resurgence of COVID-19 and the resulting stringent prevention and control measures implemented in various parts of China in March to June 2022, which reduced commodity investors' eagerness and willingness to trade; and
- (iv) in respect of the Group's fresh food retail segment operated under CS Mall, which began to be consolidated as a non-wholly-owned subsidiary of CS Mall and of the Company on 10 January 2022, its "Nongmuren" S2B2C platform was still in an expansion stage with a focus on expanding the network of collaborative franchise stores and had not started to generate a net profit during 1H 2022.

The Company is still in the process of finalizing its interim results for 1H 2022. Detailed financial information and performance of the Group for 1H 2022 will be disclosed in the Company's interim results announcement for 1H 2022 which is expected to be published by the end of August 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 17 August 2022

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