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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS OF 2022 INTERIM RESULTS

- Revenue for 1H2022 decreased to approximately RMB952.3 million (1H2021: RMB1,990.1 million), representing a decrease of approximately 52.1% as compared to that for 1H2021.

- Loss attributable to owners of the Company for 1H2022 was approximately RMB29.9 million (1H2021: RMB2,394.4 million). Such significant year-on-year decrease was mainly attributable to the one-time write-off of inventories of approximately RMB2,408.5 million recorded in 1H2021 as a result of certain inventory of raw materials of Jiangxi Longtianyong, a major subsidiary of the Group's manufacturing segment, being deemed to be hazardous waste and ordered to be disposed of, and the absence of such inventory write-off in 1H2022.

- Excluding the impact of such inventory write-off, the Group would have recorded a profit attributable to owners of the Company of approximately RMB14.1 million for 1H2021. On this basis, the loss attributable to owners of the Company of approximately RMB29.9 million for 1H2022 would represent a year-on-year turnaround from profit to loss, which was mainly attributable to the following factors:

  (i) in respect of the Group's manufacturing segment, the amount of external sales for 1H2022 was significantly lower than that for 1H2021 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 1H2021 and 1H2022;

  (ii) in respect of the Group's new jewellery retail segment operated under the Company's non-wholly-owned subsidiary CSMall, the volume of sales for 1H2022 was lower than that for 1H2021 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 for 1H2022 decreased, and hence the commission income was lower than that for 1H2021, which was 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 CSMall, which began to be consolidated as a non-wholly-owned subsidiary of CSMall 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 1H2022.

The board of directors (individually, a "**Director**", or collectively, the "**Board**" or the "**Directors**") of China Silver Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**we**") for the six months ended 30 June 2022 ("**1H2022**", "**the period**", "**current period**", "**current interim period**" or "**reporting period**") together with the comparative figures for the corresponding period in 2021 ("**1H2021**"). The results for the current interim period have been reviewed by the audit committee of the Company (the "**Audit Committee**") with no disagreement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**952,318**	1,990,089
Cost of sales and services provided		**(917,852)**	(1,898,369)
Gross profit		**34,466**	91,720
Other income		**3,326**	4,724
Other gains and losses		**(3,423)**	(65)
Write-off of inventories	*10*	**–**	(2,408,511)
Selling and distribution expenses		**(21,483)**	(10,451)
Administrative expenses		**(44,222)**	(40,483)
Research and development expenses		**(539)**	(1,001)
Other expenses		**(3,561)**	(1,550)
(Provision for) reversal of impairment loss under expected credit loss model, net	*12*	**(309)**	10,058
Impairment loss recognised in respect of property, plant and equipment	*5*	**–**	(6,800)
Finance costs		**(7,191)**	(6,139)
Loss before tax		**(42,936)**	(2,368,498)
Income tax credit (expense)	*6*	**457**	(14,210)
Loss for the period	*7*	**(42,479)**	(2,382,708)
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in an equity instrument at fair value through other comprehensive income ("**FVTOCI**")		**(14)**	(16)
Total comprehensive expense for the period		**(42,493)**	(2,382,724)

	NOTES	Six months ended 30 June **2022** ***RMB'000*** **(unaudited)**	 2021 *RMB'000* (unaudited)
(Loss) profit for the period attributable to:			
Owners of the Company		**(29,948)**	(2,394,372)
Non-controlling interests		**(12,531)**	11,664
		(42,479)	(2,382,708)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(29,962)**	(2,394,388)
Non-controlling interests		**(12,531)**	11,664
		(42,493)	(2,382,724)
Loss per share	*9*	***RMB***	*RMB*
Basic		**0.02**	1.47
Diluted		**0.02**	1.47

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	NOTES	**30 June 2022 *RMB'000* (unaudited)**	31 December 2021 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**134,277**	141,790
Right-of-use assets		**21,525**	23,777
Goodwill	*15*	**14,223**	–
Intangible assets		**91,506**	97,208
Deferred tax assets		**7,686**	8,626
Refundable rental deposits		**706**	996
Equity instrument at FVTOCI		**7,363**	7,377
Deposits paid on acquisition of non-current assets		**4,591**	1,294
		281,877	281,068
CURRENT ASSETS			
Inventories	*10*	**1,031,871**	1,054,154
Trade and other receivables	*11*	**107,991**	69,035
Restricted bank balances		**49,648**	100,415
Pledged bank deposits		**89,900**	40,000
Bank balances and cash		**702,944**	316,805
		1,982,354	1,580,409
CURRENT LIABILITIES			
Trade, bills and other payables	*13*	**391,391**	335,349
Amount due to non-controlling interests of a subsidiary		**6,435**	–
Lease liabilities – current portion		**3,188**	3,965
Contract liabilities		**21,680**	19,531
Deferred income		**2,182**	2,182
Income tax payable		**5,904**	9,060
Bank borrowings	*14*	**449,956**	230,000
		880,736	600,087
NET CURRENT ASSETS		**1,101,618**	980,322
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,383,495**	1,261,390

	NOTES	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital		**15,935**	13,284
Share premium and reserves		**511,634**	387,802
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**527,569**	401,086
Non-controlling interests		**831,006**	832,221
TOTAL EQUITY		**1,358,575**	1,233,307
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**9,228**	9,803
Lease liabilities – non-current portion		**2,879**	4,378
Deferred income		**12,813**	13,902
		24,920	28,083
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**1,383,495**	1,261,390

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

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

1A. Significant events and transactions in the current interim period

In relation to the suspension of production 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, from 26 April 2021 onwards pending completion of certain rectification measures. These rectification measures included (i) the relevant authorities' approval in principle of the partial resumption of production of Jiangxi Longtianyong's silver electrolysis production line; and (ii) the progress of rectification of Jiangxi Longtianyong's production facilities.

Jiangxi Longtianyong had been working to upgrade and enhance its production facilities for the clean production of tin and precious metals (including gold, silver and palladium) (the "**Project**"). In June 2022, the environmental impact report for the Project (the "**Report**") was under further evaluation by the Ecological and Environmental Monitoring Center of Jiangxi Province (江西省生態環境監測中心) (the "**Provincial Monitoring Center**") directly under the Department of Ecology and Environment of Jiangxi Province (江西省生態環境廳) (the "**Provincial Department**") for the issuance of an evaluation opinion, and would undergo further review by the Provincial Department and then pre-approval public inspection before it could be formally approved by the relevant governmental authorities.

Subsequently, the Report has undergone multiple rounds of pre-approval public inspection during late June to mid-July 2022, and an evaluation opinion from the Provincial Monitoring Center has been received. The Report has been formally approved by the Provincial Department on 27 July 2022. Although there will be continuous monitoring, supervision and possible further rectification works before the final acceptance of the Project, it is expected that these post-approval procedures would not impede Jiangxi Longtianyong's resumption of operation of the Silver Electrolysis Production Line and the Palladium Sponge Production Line (each as defined below).

Jiangxi Longtianyong was notified on 24 August 2021 that the relevant governmental authorities had approved in principle the resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the "**Silver Electrolysis Production Line**").

In parallel with the aforesaid environmental impact assessment process, Jiangxi Longtianyong had been constructing the production facilities for the Project, and had practically resumed the production activities of the Silver Electrolysis Production Line on a commercial scale since mid-June 2022.

Subsequently, Jiangxi Longtianyong has continued with the construction works, among which it has completed the installation of facilities for the production of palladium sponge (a type of high-purity palladium product) from raw palladium (the "**Palladium Sponge Production Line**"). Following the aforesaid formal approval of the Report, Jiangxi Longtianyong has conducted continuous testing and trial run of the Palladium Sponge Production Line, and the Palladium Sponge Production Line has been officially put into operation on a commercial scale since 25 August 2022.

1B. Going concern assessment

The Group adopts the going concern basis in preparing its condensed consolidated financial statements.

For the six months ended 30 June 2022, the Group incurred a loss of RMB42,479,000 which is mainly 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 the current interim period. As at 30 June 2022, the Group had net current assets and net assets of RMB1,101,618,000 and RMB1,358,575,000 respectively.

As of 30 June 2022, the Group had current assets of RMB1,982,354,000, current liabilities of RMB880,736,000, net current assets of RMB1,101,618,000 and net assets of RMB1,358,575,000. However, when the Group excluded the current assets of RMB1,586,305,000 and current liabilities of RMB229,987,000 that are attributable to its non-wholly-owned subsidiary, CSMall Cayman (which separately listed on the Stock Exchange on 13 March 2018, and as at the date of this announcement, the Company held approximately 40.39% interest in the issued share capital of CSMall Cayman), then current liabilities would exceed its current assets by RMB254,700,000 and the Group had net liabilities of RMB33,184,000, in which included the liabilities attributable to the Group excluding CSMall Cayman are bank borrowings amounted to RMB362,320,000, bills payables of RMB149,800,000 that will be partially settled by pledged bank deposits of RMB89,900,000, while its unrestricted bank balances and cash amounted to RMB323,512,000 attributable to the Group excluding CSMall Cayman.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of its business. In order to improve the Group's financial positions, liquidity and cash flows, the directors of the Company have adopted or in the process of adopting the following measures:

(a) In light of the circumstances of the Group's production halt of Jiangxi Longtianyong, the Group acted in a timely manner to obtain and create all conditions in fixing and rectifying facilities and environment so as to enable Jiangxi Longtianyong to resume production. On 25 August 2022, Jiangxi Longtianyong has obtained the relevant approvals and resume the production activities, the directors of the Company expect the resumed production activities will generate positive operating cash flow to the Group, details of which set out in the Company's announcement dated 26 August 2022. The directors of the Company currently expect after such resumption of the production activities in Jiangxi Longtianyong that will gradually enable the Group to generate positive cash flow from its operating activities;

(b) The Group has maintained long business relationship with its principal bankers, for borrowings which will be maturing before 30 June 2023, the Group is actively negotiating with the banks before they fall due to secure their renewals so as to ensure that the necessary funds to meet the Group's working capital and financial requirements in the future will continue to be met. The directors of the Company do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The directors of the Company have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity. During the six months ended 30 June 2022, the Group has negotiated with the respective lenders to renew and extend existing borrowings upon their maturities, with bills payables of RMB40,000,000 and bank borrowing of RMB10,000,000 due in February 2022 being extended to February 2023 and bank borrowings of RMB69,340,000 due in March 2022 being extended to March 2023 and newly raised bank borrowings of RMB306,981,000, obtained bank borrowings of RMB3,795,000 through acquisition of a subsidiary and newly raised bills payables of RMB109,800,000;

(c) The Group has been actively exploring to obtain further financial resources, including obtaining additional banking facilities and/or obtaining financial support from its non-wholly-owned subsidiary, CSMall Cayman, when necessary and subject to compliance with all applicable laws, regulations and rules.

Taking into account of effectiveness and feasibility of the above measures and after assessing the Group's cash flow projections covering a period of twelve months from the end of the reporting period prepared by the management reflecting the current and future cash flow positions, the directors of the Company are satisfied that the Group will be able to meet their financial obligations when they fall due within the forecast period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Should the Group fail to realise its plan to improve its financial position, adjustments would have to be made to write down the carrying amounts of assets to their estimated recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which may arise. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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. 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 People's Republic of China (the "**PRC**") ("**Manufacturing segment**");

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

(iii) providing professional electronic platform and related services for trading of silver ingots ("**Silver Exchange segment**"); and

(iv) conducting 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 to enterprises along the agricultural supply chain as well as small and medium-sized businesses in the PRC ("**Fresh Food Retail segment**").

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

Segment revenue and results

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

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

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

	Six months ended 30 June 2021					
	Manufacturing segment *RMB'000* (unaudited)	New Jewellery Retail segment *RMB'000* (unaudited)	Silver Exchange segment *RMB'000* (unaudited)	Segment total *RMB'000* (unaudited)	Elimination *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Revenue						
External sales	1,748,658	215,907	25,524	1,990,089	–	1,990,089
Inter-segment sales*	129,811	–	–	129,811	(129,811)	–
Total segment revenue	1,878,469	215,907	25,524	2,119,900	(129,811)	1,990,089
Results						
Segment results	(2,402,143)#	28,259	19,109	(2,354,775)		(2,354,775)
Non-segment items						
Unallocated income, expenses, gains and losses						(7,777)
Unallocated finance costs						(5,946)
Loss before tax						(2,368,498)

\# Included the write-off of inventories of RMB2,408,511,000.

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

Geographical information

The Group's operations are located in the PRC. All of the Group's revenue during the six months ended 30 June 2022 and 2021 are generated in the PRC.

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
Segments	**2022**	2021
– By types of goods and services	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)
Manufacturing segment		
– Sales of silver ingots	**102,020**	161,325
– Sales of palladium	**–**	1,448,152
– Sales of lead ingots	**–**	57,472
– Sales of other metal by-products	**–**	81,709
	102,020	1,748,658
New Jewellery Retail segment		
– Sales of gold products	**103,407**	103,773
– Sales of silver products	**55,694**	111,429
– Sales of colored gemstones	**1,307**	–
– Sales of gem-set and other jewellery products	**541**	705
	160,949	215,907
Silver Exchange segment		
– Commission income	**12,012**	25,524
Fresh Food Retail segment		
– Sales of fresh food products	**677,337**	–
Total	**952,318**	1,990,089

All of the revenue are recognised at a point in time during the six months ended 30 June 2022 and 2021.

5. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF PROPERTY, PLANT AND EQUIPMENT

In regard to the impairment loss on property, plant and equipment of Jiangxi Longtianyong, the amount of RMB6,800,000 was recognised during the six months ended 30 June 2021 as part of the rectification measure of demolition of non-compliant facilities and construction of compliant facilities, certain plant and equipment were demolished and impaired. There was no such amount incurred during the six months ended 30 June 2022.

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("**EIT**")		
– Current period	**518**	7,551
– (Over)underprovision in respect of prior periods	**(1,340)**	1,459
	(822)	9,010
Deferred taxation for the period	**365**	5,200
	(457)	14,210

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

Under the Law of the PRC on EIT (the "**EIT Law**") and its related implementation regulations, the Group's PRC subsidiaries are subject to the PRC EIT at the statutory rate of 25% for both periods, except for two subsidiaries of the Company, namely Jiangxi Longtianyong was recognised as a High and New Technology Enterprise by the PRC tax authorities such that it is entitled to a concessionary tax rate of 15% for three consecutive years beginning from the year of 2019 to 2021 and was subject to review once every three years. Shanghai Huatong Silver Exchange Company Limited (上海華通鉑銀交易市場有限公司) ("**Shanghai Huatong**") has been recognised as a High and New Technology Enterprise during the current interim period, such that it is entitled to a concessionary tax rate of 15% for three consecutive years beginning from the year of 2020 to 2022 and was subject to review once every three years.

At the end of the reporting period, the Group has unused tax losses of RMB145,233,000 (31 December 2021: RMB88,037,000) available for offset against future profits. Included in unrecognised tax losses are losses of RMB127,426,000 (31 December 2021: RMB70,899,000) that will expire in various dates in next five years. Other losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders which is declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in these condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB794.6 million as at 30 June 2022 (31 December 2021: approximately RMB782.3 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	**747,072**	1,896,990
Write-off of inventories	**–**	2,408,511
Impairment loss recognised in respect of property, plant and equipment	**–**	6,800
Depreciation of property, plant and equipment	**9,183**	8,618
Depreciation of right-of-use assets	**2,252**	3,857
Amortisation of intangible assets (included in administrative expenses and selling and distribution expenses)	**5,702**	5,358
Bank interest income	**(1,376)**	(861)
Net exchange loss	**1,176**	63
Loss (gain) on disposal of property, plant and equipment	**2,155**	(19)
Gain on disposal of a subsidiary	**(18)**	–
Expenses on short-team leases in respect of office premises, warehouse and retail shops	**1,609**	2,901

8. DIVIDENDS

No dividends were paid, declared or proposed for the ordinary shareholders of the Company during the current interim period (six months ended 30 June 2021: nil). The directors of the Company have determined that no dividend will be paid in respect of both interim periods.

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share *(RMB'000)*	**(29,948)**	(2,394,372)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(in thousand)*	**1,781,344**	1,628,400

For the six months ended 30 June 2022 and 2021, the computation of diluted loss per share does not assume the exercise of the Company's outstanding options because the effect of exercise of these options was anti-dilutive.

10. INVENTORIES

During the six months ended 30 June 2021, certain of Jiangxi Longtianyong's inventory of raw materials with an amount of RMB2,408,511,000 which was previously being refined for production purposes was deemed to be hazardous waste and ordered to be disposed of. As a result, there was a write-off of inventories of RMB2,408,511,000 recognised in profit or loss. There was no such amount incurred during the six months ended 30 June 2022.

11. TRADE AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables for contracts with customers	**35,219**	35,524
Less: allowance for credit losses	**(12,708)**	(12,018)
	22,511	23,506
Other receivables, deposits and prepayments	**43,487**	17,187
Prepayments to suppliers *(Note)*	**10,109**	3,802
Value-added tax ("**VAT**") recoverable	**31,884**	24,540
	107,991	69,035

Note:

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

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 generally grants its customers a credit period ranging from 0 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 credit losses based on the invoice dates at the end of the reporting period is as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 – 30 days	**16,536**	18,532
31 – 60 days	**1,843**	1,981
61 – 90 days	**2,124**	1,061
Over 90 days	**2,008**	1,932
	22,511	23,506

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 2022 and 2021 are set out in Note 12.

12. (PROVISION FOR) REVERSAL OF IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Provision for) reversal of impairment loss recognised in respect of trade receivables, net	**(309)**	10,058

The basis of determining the inputs and assumptions and the estimation techniques used in estimation of expected credit loss in respect of trade receivables in these condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021.

In determining the expected credit loss for other receivables and deposits, the management of the Group has taken into account the historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition. For the six months ended 30 June 2022 and 2021, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

13. TRADE, BILLS AND OTHER PAYABLES

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 2022 *RMB'000* **(unaudited)**	31 December 2021 *RMB'000* (audited)
Trade payables		
0 – 30 days	**6,266**	10,242
31 – 60 days	**39**	–
61 – 90 days	**36**	917
Over 90 days	**27,287**	21,072
	33,628	32,231
Other payables and accrued expenses	**98,091**	72,037
Bills payables *(Note i)*	**149,800**	80,000
Deposits received for using the silver exchange platform	**49,648**	100,415
Amount due to 上海華通白銀國際交易中心 ("**Huatong International**") *(Note ii)*	**19,238**	19,278
VAT and other tax payables	**20,947**	10,540
Provision for environmental pollution rectification	**12,626**	12,626
Provision for termination of assignment contracts *(Note iii)*	**7,413**	8,222
	391,391	335,349

Notes:

(i) As at 30 June 2022, bills payables amounting to RMB149,800,000 are secured by pledged bank deposits. Among the total bills payables, the bills payables amounting to RMB79,800,000 (31 December 2021: RMB40,000,000) are also secured by corporate guarantee executed by a subsidiary of CSMall Cayman and an independent third party and assets held by an independent third party (31 December 2021: personal guarantees executed by Mr. Chen Wantian (a director of the Company) and secured by machinery with a carrying value of RMB6,466,000). All bills payables are issued to a supplier of the Manufacturing segment.

(ii) Huatong International is a company which the Group held 18% equity interest and accounted for as an equity investment at FVTOCI. The amount was non-trade in nature, unsecured, interest-free and repayable on demand.

(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 2022, however, certain pre-construction costs that had been incurred before the termination of the Acquisition remained payable by the Group, which amounted to RMB7,413,000 (31 December 2021: RMB8,222,000).

The credit period of purchase of goods and subcontracting costs generally ranges from 1 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled.

14. BANK BORROWINGS

During the six months ended 30 June 2022, the Group renewed existing bank borrowings of RMB79,340,000, raised new bank borrowings of RMB306,981,000 (six months ended 30 June 2021: RMB164,500,000) and obtained bank borrowings of RMB3,795,000 through acquisition of a subsidiary. The Group repaid RMB170,160,000 of bank borrowings (six months ended 30 June 2021: RMB117,500,000) during the current interim period.

The amounts are secured and/or guaranteed by: (i) certain assets of the Group; (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.

Bank borrowings of RMB226,956,000 as at 30 June 2022 (31 December 2021: RMB220,000,000) carry interest at fixed rates, ranging from 4.63% to 14.40% (31 December 2021: at 5.25%) per annum and RMB223,000,000 (31 December 2021: RMB10,000,000) carry interest at loan prime rate plus ranging 0.96% to 2.80% (31 December 2021: loan prime rate plus 2.68%) per annum.

15. ACQUISITION OF A SUBSIDIARY

On 31 December 2021, Shenzhen Guojintongbao Company Limited（深圳國金通寶有限公司）(“**Shenzhen Guojintongbao**”, a wholly-owned subsidiary of CSMall Group and a non-wholly-owned subsidiary of the Group), Bric (Suzhou) Agriculture Information Technology Co., Ltd.*（布瑞克（蘇州）農業互聯網股份有限公司）(“**Bric Suzhou**”, as an existing shareholder of the Jiangsu Nongmuren Electronic Business Corp.*（江蘇農牧人電子商務股份有限公司）(“**Jiangsu Nongmuren**”), Suzhou Nonggou Daohe Investment Management Center (Limited Partnership)*（蘇州農購道合投資管理中心（有限合夥））(“**Suzhou Nonggou Daohe**”, as an existing shareholder of the Jiangsu Nongmuren), Mr. Sun Tung (as the actual controller of Bric Suzhou and Suzhou Nonggou Daohe) and Jiangsu Nongmuren entered into an investment agreement, pursuant to which the Group shall obtain 51% effective ownership in Jiangsu Nongmuren in cash consideration by way of capital injection of RMB26,000,000 payable in cash to Jiangsu Nongmuren in two installments.

Jiangsu Nongmuren is a company incorporated in the PRC limited by shares. Jiangsu Nongmuren is the developer and operator of the “農牧人” (“**Nongmuren**”, meaning farmers and herdsmen) S2B2C (supply chain to business to customer) platform, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in the PRC.

On 10 January 2022, Shenzhen Guojintongbao made the first installment of RMB6,000,000 to Jiangsu Nongmuren. The second installment of RMB20,000,000 was expected to be paid on or before 31 May 2022. On 10 January 2022, all of the conditions precedent under the investment agreement have been fulfilled, and completion of the investment agreement has taken place accordingly. On 2 April 2022, a further capital injection of RMB3,000,000 out of the second installment of RMB20,000,000 was made to Jiangsu Nongmuren. In the opinion of the directors, the timing of payment for remaining consideration of RMB17,000,000 will depend on Jiangsu Nongmuren's actual funding needs.

	RMB'000
	(unaudited)
Consideration through capital injection	
Cash consideration paid	9,000
Cash consideration payable	17,000
	26,000
Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis)	
Property, plant and equipment	158
Inventories	165
Trade and other receivables	109,166
Bank balances and cash	10,398
Trade and other payables	(88,307)
Amount due to non-controlling interests	(4,692)
Bank borrowings	(3,795)
	23,093

	RMB'000
	(unaudited)
Goodwill on acquisition	
Consideration to be satisfied	26,000
Add: non-controlling interests	11,316
Less: net assets acquired	(23,093)
	14,223
Net cash inflow arising on acquisition	
Cash consideration paid	(9,000)
Bank balances and cash acquired	10,398
	1,398

The non-controlling interests are measured at the non-controlling interests' proportionate share of above provisional fair value of the identifiable net assets of Jiangsu Nongmuren.

The provisional goodwill arising from the acquisition is determined on a provisional basis as the Group is in the process of completing the identification of separable intangible assets and independent valuation to assess the provisional fair value of identifiable assets acquired. They may be adjusted upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In spite of the continuation of COVID-19 which has profoundly affected people's lives and the Chinese economy, coupled with the continued escalation of geopolitical conflicts, the Group was still fortunately able to continuously seek suitable business opportunities under the continuing difficult business environment. During the period, the Group successfully completed a series of upgrade and rectification for production facilities of the Manufacturing segment to meet the higher requirements under environmental protection policies of the PRC, and successfully resumed production.

For 1H2022, the Group's Manufacturing segment generated sales of approximately RMB102.0 million, representing a significant decrease of approximately 94.2% as compared to approximately RMB1,748.7 million for 1H2021. During the current period, as affected by the suspension of production of the Manufacturing segment, palladium and other metal by-products recorded no sales, and revenue from sales of silver ingots decreased significantly by approximately 36.8% as compared to 1H2021. Please refer to the section on the Manufacturing segment for details on the suspension of production. For 1H2022, the Manufacturing segment recorded a segment loss of approximately RMB15.8 million.

Since 2014, we have diversified from the traditional Manufacturing segment to the downstream New Jewellery Retail segment which is now operated under our non-wholly-owned subsidiary, CSMall Group Limited (stock code: 1815) ("**CSMall**", together with its subsidiaries, collectively referred to as "**CSMall Group**"). Apart from leveraging our strength and resources in the upstream business, CSMall Group has optimized its sales and marketing strategies since 2018 and gradually shifted its focus to high-margin silver jewellery products. For 1H2022, the New Jewellery Retail segment of CSMall Group recorded external sales of approximately RMB160.9 million (1H2021: RMB215.9 million), representing approximately 16.9% of the Group's total revenue (1H2021: 10.8%), and the New Jewellery Retail segment recorded a segment loss of approximately RMB3.1 million (1H2021: segment profit of approximately RMB28.3 million).

In 2016, the Group further expanded the downstream business by acquiring Shanghai Huatong Silver Exchange Company Limited*（上海華通鉑銀交易市場有限公司）(“**Shanghai Huatong**”), the operator of an integrated silver exchange platform in the PRC. For 1H2022, the Silver Exchange segment recorded a segment profit of approximately RMB3.5 million (1H2021: RMB19.1 million).

As disclosed in the announcements dated 31 December 2021 and 10 January 2022, CSMall Group obtained 51% effective ownership in Jiangsu Nongmuren with effect from 10 January 2022. The Group successfully tapped into the integrated online-and-offline sales of fresh food in the PRC and the provision of related electronic platforms and branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in the PRC, which forms the Group’s Fresh Food Retail segment. For 1H2022, the Fresh Food Retail segment recorded revenue of approximately RMB677.3 million, accounting for approximately 71.1% of the Group’s total revenue. For 1H2022, the Fresh Food Retail segment recorded a segment loss of approximately RMB12.9 million. As of the end of June 2022, the number of Nongmuren terminals opened had reached more than 4,900. At present, the platform has been fully launched in Suzhou, Shanghai, Nanjing, Wuxi, Changzhou, Nantong and other cities, covering 14 cities in the PRC. It is still in the stage of rapid expansion. Since the official launch of the Nongmuren platform, the turnover has increased exponentially. In May and June 2022, the two cities of Suzhou and Nanjing separately achieved single-city operating profits. With the rapid business development, Nongmuren has further achieved economies of scale.

The Group recorded gross profit of approximately RMB34.5 million for 1H2022 (1H2021: RMB91.7 million), a significant decrease of approximately 62.4% as compared to that for 1H2021, mainly due to the decrease in revenue of the Manufacturing, New Jewellery Retail and Silver Exchange segments. The overall gross profit margin of the Group decreased from approximately 4.6% for 1H2021 to approximately 3.6% for 1H2022.

The Group recorded loss attributable to owners of the Company of approximately RMB29.9 million for 1H2022 (1H2021: approximately RMB2,394.4 million). The significant year-on-year decrease was mainly attributable to the one-time write-off of inventories in the amount of approximately RMB2,408.5 million for 1H2021 as a result of certain of 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 in the Manufacturing segment of the Group, 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 1H2022.

Excluding the effect of the Inventory Write-off, the Group would have recorded a profit attributable to owners of the Company of approximately RMB14.1 million for 1H2021. On this basis, the loss attributable to owners of the Company of approximately RMB29.9 million for 1H2022 would represent a year-on-year turnaround from profit to loss, which was mainly attributable to the following factors:

(i) in respect of the Group's Manufacturing Segment, the amount of external sales for 1H2022 was significantly lower than that for 1H2021 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 1H2021 and 1H2022;

(ii) in respect of the Group's New Jewellery Retail segment operated under CSMall, the volume of sales for 1H2022 was lower than that for 1H2021 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 for 1H2022 decreased, and hence the commission income was lower than that for 1H2021, which was 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 CSMall, which began to be consolidated as a non-wholly-owned subsidiary of CSMall 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 1H2022.

Manufacturing Segment

Between 23 April 2021 and 20 May 2021, the Ji'an City Yongfeng Ecology and Environment Bureau*(吉安市永豐生態環境局)(the "**Bureau**") issued two administrative penalty notices and a rectification notice (collectively, the "**Notices**") to Jiangxi Longtianyong, a wholly-owned subsidiary of the Company. Pursuant to the Notices, the Bureau has ordered Jiangxi Longtianyong to suspend its production activities from 26 April 2021 onwards pending completion of certain rectification measures.

According to the Notices, between 22 April 2021 and 8 May 2021, the Central Ecological and Environmental Protection Inspection Group(中央生態環境保護督察組)and the Bureau inspected Jiangxi Longtianyong's premises and found that the production and storage facilities of Jiangxi Longtianyong had been in contravention of certain national environmental laws.

As a result of the aforesaid contraventions, the Bureau ordered Jiangxi Longtianyong to carry out certain rectification works on its production and storage facilities. Jiangxi Longtianyong had been closely communicating with the Bureau since the end of April 2021 with a view to reach an understanding on the rectification measures required to be implemented in order to restore Jiangxi Longtianyong's production. In addition, Jiangxi Longtianyong engaged an environmental specialist to provide recommendations on the appropriate rectification measures to address the Bureau's concerns.

These rectification measures included (i) the disposal of certain hazardous waste stored in production workshops and warehouses; and (ii) the demolition of certain existing non-compliant facilities and construction of certain new compliant facilities according to the recommendations of the environmental specialist and with the approval of the competent governmental authorities.

On 24 August 2021, the local environmental protection authority notified Jiangxi Longtianyong that, following the adoption of rectification measures by Jiangxi Longtianyong, such as the demolition of non-compliant facilities and construction of compliant facilities, the relevant authorities had approved in principle the resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the "**Silver Electrolysis Production Line**").

As part of the efforts to fully resume production activities at Jiangxi Longtianyong, Jiangxi Longtianyong had been working to upgrade and enhance its production facilities for the clean production of tin and precious metals (including gold, silver and palladium) (the "**Project**"). The environmental impact report for the Project (the "**Report**") would need to be subject to review, technical evaluation and expert assessment by multiple governmental authorities as well as multiple rounds of pre-approval public inspection before it could be formally approved.

In parallel with the aforesaid environmental impact assessment process, Jiangxi Longtianyong had been constructing the production facilities for the Project, and had practically resumed the production activities of the Silver Electrolysis Production Line on a commercial scale since mid-June 2022.

On 27 July 2022, the Report was formally approved by the Department of Ecology and Environment of Jiangxi Province (江西省生態環境廳) (the "**Provincial Department**"). Although there will be continuous monitoring, supervision and possible further rectification works before the final acceptance of the Project, it is expected that these post-approval procedures would not impede Jiangxi Longtianyong's resumption of operation of the Silver Electrolysis Production Line and the Palladium Sponge Production Line (defined below).

Subsequently, Jiangxi Longtianyong has continued with the construction works for the Project, among which it has completed the installation of facilities for the production of palladium sponge (a type of high-purity palladium product) from raw palladium (the "**Palladium Sponge Production Line**"). Following the aforesaid formal approval of the Report, Jiangxi Longtianyong has conducted continuous testing and trial run of the Palladium Sponge Production Line, and the Palladium Sponge Production Line has been officially put into operation on a commercial scale since 25 August 2022. In addition to silver and palladium, it is expected that, on the basis of the approval of the Report, the production of certain other products such as tin and lead will resume after the installation, testing and trial run of the relevant production facilities.

Jiangxi Longtianyong will continue to closely communicate with the relevant governmental authorities to achieve the final acceptance of the Project, and will also continue with the installation, testing and trial run of facilities for the production of products such as tin and lead. The Company will make further announcement(s) as necessary and when appropriate to keep shareholders informed of the latest progress.

New Jewellery Retail Segment Operated under CSMall Group (stock code: 1815)

During 1H2022, the New Jewellery Retail segment recorded sales of approximately RMB160.9 million (1H2021: RMB215.9 million), representing a decrease of approximately 25.5% as compared to that for 1H2021.

In 1H2022, COVID-19 hit many places in the PRC again. In light of the large-scale outbreak of the epidemic in a number of cities such as consumption centers including Beijing, Shenzhen and Shanghai, the epidemic prevention and control measures were upgraded in many places, which had a serious impact on the consumer market. In particular, the epidemic control in Shanghai during the recent wave of the epidemic since March 2022 had a profound impact on the economy, business and consumers of the PRC.

Online Sales Channels

(1) Third-party online sales channels

In 1H2022, relying on the strong traffic of third-party platforms, the Group enhanced its online sales through new marketing models including short video marketing, e-commerce live streaming and online celebrity (KOL) promotion. In 1H2022, 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 15 television and video shopping channels in the PRC to promote and sell our jewellery products. We 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 Chinese viewers of television and video shopping channels was enhanced substantially.

Short-video promotion and KOL promotion is a standard part of our brand marketing. Their content becomes the core of every aspect of our brand marketing, sales and operation.

(2) Self-operated online platform

In view of the market climate and habits of consumers, the Group had suspended the operation of the self-operated online platform since last year, so as to reduce operating and promotion expenses and move on to focus on third-party online sales channels.

Offline Retail and Service Network

(i) CSmall Shops

We offer intimate on-the-ground sales and services to our customers, including jewellery fitting and maintenance services, which we believe are indispensable to the jewellery shopping experience, at our CSmall Shops. For the six months ended 30 June 2022, due to the impact of the COVID-19 on offline retail, the Group slowed down the expansion plan of offline stores and adjusted the layout of offline business outlet by closing 15 stores and opening 3 new stores. As of 30 June 2022, we had 26 CSmall Shops located in 10 provinces and municipalities in the PRC, consisting of 1 self-operated CSmall Shops and 25 franchised CSmall Shops with presence in Auhai, Beijing, Gansu, Heilongjiang, Henan, Shaanxi, Sichuan, Tibet, Xinjiang and Zhejiang.

(ii) Shenzhen Exhibition Hall

We sell products at our Shenzhen Exhibition Hall in Shuibei, Shenzhen, which is generally seen as home to the PRC's largest and leading jewellery trading and wholesale market. The Shenzhen Exhibition Hall showcases the product designs of our self-owned brands and certain third-party brands, and also serves as an interactive exhibition and sales platform primarily for our wholesale customers as well as franchisees.

(iii) Third-party offline points of sale

We distribute our jewellery products and provide product customisation service through various third-party offline points of sale, which are certain commercial banks we cooperate with.

Fresh Food Retail Segment Operated under CSMall Group

The Fresh Food Retail segment as newly invested by the Group is mainly the developer and operator of the "Nongmuren" S2B2C platform officially launched in May 2021, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in the PRC. During the epidemic, the Nongmuren Shopkeeper program identified the pain points in the market, and based on years of experience in the study of live pigs in the field of agriculture, the Nongmuren Shopkeeper program used the S2B2C (supply chain-merchants-customers) platform to digitize and intelligentize the traditional agricultural product industry. By empowering shopkeepers such as traditional stores and farmers markets in the front-end market, supply chain servitization was achieved, and digital management of stores was realized through servitization. The platform solved the problems of supply quality and supply service capability of the upstream supply chain, and formed a stable closed-loop transaction model through the transformation of the traditional transaction model. To satisfy the needs of merchants and stores, the Nongmuren Shopkeeper program realized the comprehensive integration of online services and offline scenarios, which increased the number of users and comprehensively improved user experience. It aims to empower merchants through digital operation capabilities and help them achieve all-round digital upgrades in terms of payment, management, operation, membership and marketing. It not only provides merchants with integrated payment and collection tools, but also provides merchants with all-round business solutions such as digital store management, membership management, financial services, supply chain docking, and targeted marketing. As of the end of June 2022, the number of Nongmuren terminals opened had reached more than 4,900. At present, the platform has been fully launched in Suzhou, Shanghai, Nanjing, Wuxi, Changzhou, Nantong and other cities.

Silver Exchange Segment

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.buyyin.com, has been one of the authoritative web portals for the silver industry in the PRC. The daily spot silver prices quoted by www.buyyin.com are the general reference prices for the silver industry in the PRC.

Prospects

Under the influence of factors such as the continued raging of COVID-19, which has profoundly affected people's lives, the continued escalation of geopolitical conflicts, and the increased risk of recession of the global economy, the Group will not only continue to consolidate its industry position in the precious metal manufacturing business, but also explore and consider suitable business opportunities inside and outside the industry in a timely manner to diversify its business risks. In order to give emphasis to business sustainability and strive to maintain a higher standard of business practices in terms of environmental protection, the Group has been upgrading and rectifying production facilities to achieve clean production of tin and precious metals (including gold, silver and palladium). The Company's rectification measures have been completed, and the production activities of Jiangxi Longtianyong have been substantially resumed since 25 August 2022.

The New Jewellery Retail segment and the Fresh Food Retail segment are both new empowerments for traditional industries through digital marketing. For the Fresh Food Retail segment, Nongmuren Meat Shopkeeper(農牧人肉掌櫃)stores will be operated in a refined manner. A complete digital system covering pig farming to pork sales in community stores will be provided through S2B2C/F2B2C: each city will have an independent management system that encompasses store renovation, cash register system, electronic scales and other hardware and software facilities. For the New Jewellery Retail segment, the Group will continue to slow down the expansion of offline stores and will further leverage the huge traffic of third-party platforms to generate more output through the jewellery live streaming ecosystem. It will continue to rely on social big data to realize the digital transformation of business marketing scenarios such as consumer insight, market positioning and advertisement delivery optimization. The Group will still be optimistic about the room for appreciation and market potential of colored gemstones. Due to the scarcity and the properties of value preservation and appreciation of rubies, the Group will carefully consider the sales strategy. The Group will gradually expand the sales market, and rubies will usher in a long-term and stable price increase. We expect a moderate increase in market consumption in the PRC in the second half of the year. The economic stabilization and recovery, the successive implementation of consumption promotion policies, more flexible epidemic control, increased consumer sentiment, improved employment situation and other positive factors in the second half of the year are expected to support consumption recovery in a future period of time.

In view of the above, the Group will proactively respond to the unfavorable factors of COVID-19, economic slowdown and other contingencies, operate prudently, give full play to its advantages, and maintain sustainable profitability. We believe that with the gradual end of the epidemic and the resumption of the production of the Group's Manufacturing segment, together with the implementation of the central government's high requirements under environmental protection policies, as well as the multiple impacts from the epidemic and the current international environment, the survival of the fittest in the industry will continue. In the long run, all these factors will be more conducive to the sustainability of the Group's precious metal manufacturing business, the consolidation of its market position and the enhancement of its market share. At the same time, as the New Jewellery Retail segment, being a consumer discretionary sector, was adversely affected by the epidemic and weak consumption, the Group, after careful research and investigation, invested in fresh food retail through S2B2C, thereby maximising shareholders' value. We remain confident of the future development of the Group.

Financial Review

Revenue

The revenue of the Group for 1H2022 was approximately RMB952.3 million (1H2021: RMB1,990.1 million), representing a decrease of approximately 52.1% from that of 1H2021.

	1H2022		1H2021	
	Revenue	**% of**	Revenue	% of
	RMB'000	**revenue**	*RMB'000*	revenue
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Manufacturing segment				
Sale of silver ingots	**102,020**	**10.7%**	161,325	8.1%
Sale of palladium	**–**	**–**	1,448,152	72.8%
Sale of lead ingots, zinc oxide and other metal by-products	**–**	**–**	139,181	7.0%
	102,020	**10.7%**	1,748,658	87.9%

	1H2022		1H2021	
	Revenue	**% of**	Revenue	% of
	RMB'000	**revenue**	*RMB'000*	revenue
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
Segments operated under CSMall Group				
New Jewellery Retail segment				
Sale of gold, silver, colored gemstones and gem-set and other jewellery products	**160,949**	**16.9%**	215,907	10.8%
Fresh Food Retail segment				
Sale of fresh food products	**677,337**	**71.1%**	–	–
	838,286	**88.0%**	215,907	10.8%
Silver Exchange segment				
Commission income	**12,012**	**1.3%**	25,524	1.3%
Total	**952,318**	**100%**	1,990,089	100%

Manufacturing segment

Sales of silver ingot decreased from approximately RMB161.3 million for the 1H2021 to approximately RMB102.0 million for 1H2022, representing a decrease of approximately 36.8% from that of 1H2021. The Group did not record any sale of palladium and other metal by-products such as lead ingot and zinc oxide (1H2021: RMB1,448.2 million and RMB139.2 million).

The overall decrease in sales was mainly because of Jiangxi Longtianyong's suspension of production since 26 April 2021. According to the Company's announcement on 17 June 2022, Longtianyong had resumed the production activities of its silver electrolysis production line on a commercial scale since mid June 2022. The sales during the period represented the sales generated from silver trading business.

New Jewellery Retail segment operated under CSMall Group

During 1H2022, the New Jewellery Retail segment under CSMall Group recorded sales of approximately RMB160.9 million (1H2021: RMB215.9 million), representing a decrease of approximately 25.5% as compared to that for 1H2021. The decrease was 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.

Fresh Food Retail segment operated under CSMall Group

During 1H2022, a new segment under CSMall Group, 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 (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in the PRC, recorded sales of approximately RMB677.3 million (1H2021: nil).

Silver Exchange segment

During 1H2022, the Silver Exchange segment recorded sales of approximately RMB12.0 million (1H2021: RMB25.5 million), representing a decrease of approximately 52.9% as compared to 1H2021, mainly 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 resulted in a decrease in transaction volume.

Cost of Sales and Services Provided

Manufacturing segment

Cost of sales mainly represents the cost of raw materials consumed, purchase cost of silver, direct labor and manufacturing overhead. Cost of raw materials consumed and purchase cost of silver accounted for over 90% of cost of sales during the current period. The purchase cost of raw materials is determined by the content levels of silver, lead and palladium at market prices at the time of purchase; other types of minerals or metals are generally not taken into account when determining the purchase price. The amount decreased mainly due to the decrease in sales volume during 1H2022.

New Jewellery Retail segment operated under CSMall Group

Cost of sales mainly represents cost of materials used for the production of gold, silver and jewellery products. Except for silver, materials like gold, amber and diamond are sourced from independent third parties.

Fresh Food Retail segment operated under CSMall Group

Cost of sales mainly represents the cost of purchasing fresh food products from the upstream wholesale suppliers (for example, farms) and other direct distribution cost.

Silver Exchange segment

Cost of sales and services provided mainly represents direct expenses incurred for trading of silver and the operation of the online exchange platform.

Gross Profit and Gross Profit Margin

The Group recorded gross profit of approximately RMB34.5 million for 1H2022 (1H2021: RMB91.7 million), a significant decrease of approximately 62.4% as compared to that for 1H2021, mainly due to the decrease in the revenue in the Manufacturing, New Jewellery Retail and Silver Exchange segments. The overall gross profit margin decreased from approximately 4.6% for 1H2021 to approximately 3.6% for 1H2022.

Selling and Distribution Expenses

Selling and distribution expenses significantly increased by approximately 105.6% from approximately RMB10.5 million to approximately RMB21.5 million for 1H2022, mainly because the new Fresh Food Retail segment incurred such expenses of approximately RMB11.7 million during the current period whereas the Group did not have such segment during 1H2021.

Administrative Expenses

Administrative expenses increased by approximately 9.2% from approximately RMB40.5 million for 1H2021 to approximately RMB44.2 million for 1H2022. The increase was primarily attributable to the reclassification of indirect production costs to administrative expenses in the Manufacturing segment due to the suspension of production and the incurrence of additional administrative expenses.

Write-off of Inventories/Impairment loss recognised in respect of Property, Plant and Equipment

Between 23 April and 20 May 2021, the Ji'an City Yongfeng Ecology and Environment Bureau (吉安市永豐生態環境局) (the "**Bureau**") issued two administrative penalty notices and a rectification notice (collectively, the "**Notices**") to Jiangxi Longtianyong, a wholly-owned subsidiary of the Company. According to the Notices, the Bureau inspected Jiangxi Longtianyong's premises and found that the production and storage facilities of Jiangxi Longtianyong had been in contravention of certain national environmental laws and has ordered Jiangxi Longtianyong to suspend its production activities from 26 April 2021 onwards pending completion of certain rectification measures. These rectification measures included (i) the disposal of certain hazardous waste stored in production workshops and warehouses; and (ii) the demolition of certain existing non-compliant facilities and construction of certain new compliant facilities according to the recommendations of the environmental specialist and with the approval of the competent governmental authorities.

In regard to the rectification measure of disposal of hazardous waste stored in production workshops and warehouses, certain of Jiangxi Longtianyong's inventory of raw materials which has previously been refined for production purposes has been deemed to be hazardous waste pursuant to the Notices and was ordered to be disposed of. Accordingly, a write-off of inventories of approximately RMB2,408.5 million was recorded for 1H2021. There was no such amount for 1H2022.

In regard to the rectification measure of demolition of non-compliant facilities and construction of compliant facilities, certain plant and equipment were demolished and impaired. Accordingly, an impairment loss on property, plant and equipment of approximately RMB6.8 million was recorded for 1H2021. There was no such amount for 1H2022.

Income Tax Credit (Expense)

Income tax expenses decreased by approximately 103.2% from approximately RMB14.2 million for 1H2021 to income tax credit of approximately RMB0.4 million for 1H2022, mainly due to the decrease in assessable profit and the overprovision of PRC Enterprise Income Tax in prior year.

Loss Attributable to Owners of the Company

The Group recorded loss attributable to owners of the Company of approximately RMB29.9 million for 1H2022 (1H2021: approximately RMB2,394.4 million). The significant year-on-year decrease was mainly attributable to the one-time write-off of inventories in the amount of approximately RMB2,408.5 million for 1H2021 as a result of the Inventory Write-off of Jiangxi Longtianyong and the absence of the Inventory Write-off in 1H2022.

Excluding the effect of the Inventory Write-off, the Group would have recorded a profit attributable to owners of the Company of approximately RMB14.1 million for 1H2021. On this basis, the loss attributable to owners of the Company of approximately RMB29.9 million for 1H2022 would represent a year-on-year turnaround from profit to loss. Please refer to the Business Review for details.

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 1H2022, inventory turnover days were approximately 208.0 days (for the year ended 31 December 2021: 306.2 days). The decrease was mainly due to the significant decrease in cost of goods sold from the Manufacturing segment which was partially set off by the increase in the Fresh Food Retail segment.

The turnover days for trade receivables for 1H2022 were approximately 8.8 days (for the year ended 31 December 2021: 9.4 days). The decrease was mainly due to the decrease in trade receivables for 1H2022.

The turnover days for trade payables for 1H2022 were approximately 13.1 days (for the year ended 31 December 2021: 13.8 days).

Borrowings

As of 30 June 2022, the Group's bank borrowings balance amounted to approximately RMB450.0 million (as of 31 December 2021: RMB230.0 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) corporate guarantee and certain assets of a supplier and independent third parties; and will be due for repayment within one year. Among them, approximately RMB227.0 million was carried at fixed interest rates, and approximately RMB223.0 million was carried at floating interest rates.

The Group's net gearing ratio was calculated on the basis of total bank borrowings less bank balances and cash as a percentage of total equity. As of 30 June 2022, the Group was in a net cash position with a net gearing ratio of approximately -18.6% (as of 31 December 2021: -7.0%).

Pledge of Assets

At the end of the reporting period, assets with the following carrying amounts were pledged to secure its general banking facilities.

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
– Property, plant and equipment	**58,135**	67,415
– Leasehold lands (included in right-of-use assets)	**16,175**	16,326
– Pledged bank deposits	**89,900**	40,000
	164,210	123,741

Capital Expenditures

For 1H2022, the Group invested approximately RMB3.5 million in property, plant and equipment (1H2021: RMB22.7 million).

Capital Commitments

	30 June 2022 *RMB'000* **(unaudited)**	31 December 2021 *RMB'000* (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**7,259**	9,099

Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group did not have any contingent liabilities.

Employees

As of 30 June 2022, the Group employed 366 staff members (as of 31 December 2021: 289 staff members) and the total remuneration for 1H2022 amounted to approximately RMB20.8 million (1H2021: RMB17.5 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.

Liquidity and Financial Resources

The Group was principally financed by internal resources, net proceeds received from the subscriptions by three investors for new shares of the Company in 1H2022 (the "**Subscriptions**") and bank borrowings. The Group's principal financing instruments comprise bank balances and cash, pledged bank deposits, restricted bank balances, trade and other receivables, trade, bills and other payables and bank borrowings. As of 30 June 2022, the bank balances and cash, net current assets, and total assets less current liabilities were approximately RMB702.9 million (as of 31 December 2021: RMB316.8 million), RMB1,101.6 million (as of 31 December 2021: RMB980.3 million) and RMB1,383.5 million (as of 31 December 2021: RMB1,261.4 million), respectively.

Interim Dividend

The Board has resolved not to declare an interim dividend for 1H2022 (1H2021: nil).

Capital Structure

During the period, the Company issued a total of 325,680,117 shares upon completion of the Subscriptions on 7 April 2022. As disclosed in the Company's announcements dated 23 February 2022, 29 March 2022 and 7 April 2022, three independent subscribers, subscribed for a total of 325,680,117 new shares of HK$0.01 each at a subscription price of HK$0.59 per subscription share. As at 30 June 2022, the Company had 1,954,080,706 shares in issue and a paid-up capital of approximately HK$19,540,807 or approximately RMB15,934,925.

Significant Investment Held, Material Acquisition and Disposal

*Entering into the New Investment Agreement in relation to acquisition of the 51% effective ownership in Jiangsu Nongmuren (the "**Target Company**")*

On 31 December 2021, Shenzhen Guojintongbao Company Limited*（深圳國金通寶有限公司）（"**Shenzhen Guojintongbao"**, a wholly-owned subsidiary of CSMall Group and a non-wholly-owned subsidiary of the Group), Bric (Suzhou) Agriculture Information Technology Co., Ltd.*（布瑞克（蘇州）農業互聯網股份有限公司）（"**Bric Suzhou**", as an existing shareholder of the Target Company), Suzhou Nonggou Daohe Investment Management Center (Limited Partnership)*（蘇州農購道合投資管理中心（有限合夥））（"**Suzhou Nonggou Daohe**", as an existing shareholder of the Target Company), Mr. Sun Tung (as the actual controller of Bric Suzhou and Suzhou Nonggou Daohe) and the Target Company entered into a new investment agreement (the "**New Investment Agreement**"), pursuant to which Shenzhen Guojintongbao shall obtain 51% effective ownership in the Target Company in consideration for the capital injection of RMB26,000,000 payable in cash to the Target Company in two installments of which the first installment of RMB6,000,000 shall be paid on or before 10 January 2022 and the second installment of RMB20,000,000 shall be paid on or before 31 May 2022.

On 10 January 2022, the Group made the first installment of capital injection in an amount of RMB6,000,000 to the Target Company. On 2 April 2022, the Group made a further capital injection of RMB3,000,000 out of the second installment of RMB20,000,000 to the Target Company. Since the Target Company's pace of business expansion during 1H2022 was slowed down by the resurgence of COVID-19 in various parts of China in March to June 2022, the Group has not made the remaining RMB17,000,000 out of the second installment of capital injection as at the date of this announcement, and the exact timing of making such capital injection will depend on the Target Company's actual funding needs.

Incorporated in 2015, the Target Company is the developer and operator of the Nongmuren, S2B2C platform officially launched in May 2021, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in the PRC. On 10 January 2022, all of the conditions precedent under the New Investment Agreement were fulfilled and completion of the transaction contemplated under the New Investment Agreement (other than the payment of the second installment of the capital injection to the Target Company) took place accordingly. Immediately upon completion, the Target Company is consolidated as a non-wholly-owned subsidiary of CSMall Group with 51% effective ownership, and is in turn also consolidated as a non-wholly-owned subsidiary of the Group. Further details of the transaction are set out in the joint announcements dated 31 December 2021 and 10 January 2022.

Save as disclosed above, the Group did not hold any significant investment nor carry out any significant acquisition and disposal during 1H2022.

Use of proceeds from the Subscriptions

The net proceeds received from the Subscriptions amounted to approximately RMB155,108,000 after deducting all expenses payable by the Company in connection with the Subscriptions. The net proceeds have been and will continue to be used in a manner consistent with that mentioned on page 6 and 7 of the announcement of the Company dated 23 February 2022.

The net proceeds received from the Subscriptions had been used as follows during the six months ended 30 June 2022:

	Net proceeds received from the Subscriptions *RMB'000*	**Amount used between 7 April 2022 and 30 June 2022** *RMB'000*	**Unused amount as at 30 June 2022** *RMB'000*
Rectification works on the production and other facilities	21,740	(1,401)	20,339
Procurement of raw materials	72,346	–	72,346
Repayment of certain bank borrowings	30,000	(30,000)	–
General working capital	31,022	–	31,022
Total	155,108	(31,401)	123,707

Significant Events After the Reporting Period

As part of the efforts to fully resume production activities at Jiangxi Longtianyong, Jiangxi Longtianyong had been working to upgrade and enhance its production facilities for the clean production of tin and precious metals (including gold, silver and palladium) (the "**Project**"). As of the announcement dated 17 June 2022 ("**June 2022 Announcement**"), the environmental impact report for the Project (the "**Report**") was under further evaluation by the Ecological and Environmental Monitoring Center of Jiangxi Province (江西省生態環境監測中心) (the "**Provincial Monitoring Center**") directly under the Department of Ecology and Environment of Jiangxi Province (江西省生態環境廳) (the "**Provincial Department**") for the issuance of an evaluation opinion, and would undergo further review by the Provincial Department and then pre-approval public inspection before it could be formally approved by the relevant governmental authorities.

As disclosed in the announcement dated 26 August 2021, Jiangxi Longtianyong was notified on 24 August 2021 that the relevant governmental authorities had approved in principle the resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the "**Silver Electrolysis Production Line**").

As disclosed in the announcement dated 22 February 2022 and the June 2022 Announcement, in parallel with the aforesaid environmental impact assessment process, Jiangxi Longtianyong had been constructing the production facilities for the Project, and had practically resumed the production activities of the Silver Electrolysis Production Line on a commercial scale since mid-June 2022.

Subsequent to the June 2022 Announcement, the Report has undergone multiple rounds of pre-approval public inspection during late June to mid-July 2022, and an evaluation opinion from the Provincial Monitoring Center has been received. Afterwards, the Report has been formally approved by the Provincial Department on 27 July 2022. Although there will be continuous monitoring, supervision and possible further rectification works before the final acceptance of the Project, it is expected that these post-approval procedures would not impede Jiangxi Longtianyong's resumption of operation of the Silver Electrolysis Production Line and the Palladium Sponge Production Line (defined below). Jiangxi Longtianyong has continued with the construction works for the Project, among which it has completed the installation of facilities for the production of palladium sponge (a type of high-purity palladium product) from raw palladium (the "**Palladium Sponge Production Line**"). Following the aforesaid formal approval of the Report, Jiangxi Longtianyong has conducted continuous testing and trial run of the Palladium Sponge Production Line, and the Palladium Sponge Production Line has been officially put into operation on a commercial scale since 25 August 2022. In addition to silver and palladium, it is expected that, on the basis of the approval of the Report, the production of certain other products such as tin and lead will resume after the installation, testing and trial run of the relevant production facilities.

Jiangxi Longtianyong will continue to closely communicate with the relevant governmental authorities to achieve the final acceptance of the Project, and will also continue with the installation, testing and trial run of facilities for the production of products such as tin and lead. The Company will make further announcement(s) as necessary and when appropriate to keep shareholders informed of the latest progress.

OTHERS

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 14 to the Listing Rules. During 1H2022, the Company had complied with the code provisions under the CG Code, except for the following deviations:

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

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company. Having made specific enquiry with all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during 1H2022.

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 1H2022.

Audit Committee

The Audit Committee has reviewed the financial reporting processes, risk management and internal control systems and the unaudited condensed consolidated financial statements for 1H2022 of the Group. The Audit Committee is of the opinion that these statements had complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

Acknowledgement

Gratitude is expressed to the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Company (www.chinasilver.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2022 interim report of the Company will be dispatched to the shareholders of the Company and made available on the same websites in due course.

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

Hong Kong, 30 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.

* *For identification purpose only*