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**CSmall Group Limited**  
**金猫银猫集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1815)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**HIGHLIGHTS OF 2022 INTERIM RESULTS**

The Group's revenue for 1H2022 was approximately RMB838.3 million (1H2021: RMB215.9 million), representing a significant increase of approximately 288.3% as compared to that for 1H2021. Such significant increase was due to the contribution of sales from the new fresh food retail segment of approximately RMB677.3 million, which offset the decline in the new jewellery retail segment.

For 1H2022, the Group recorded a loss attributable to owners of the Company of approximately RMB10.3 million (1H2021: profit attributable of approximately RMB20.1 million). Such turnaround from profit to loss was mainly attributable to the following factors: (i) in respect of the new jewellery retail segment, the volume of sales for 1H2022 was lower than that for 1H2021, recording a segment loss of approximately RMB3.1 million for 1H2022 (1H2021: segment profit of approximately RMB20.1 million), 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; and (ii) in respect of the fresh food retail segment, which began to be consolidated as a non-wholly-owned subsidiary 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, recording a segment loss of approximately RMB12.9 million.

The board of directors (individually, a “**Director**”, or collectively, the “**Board**” or the “**Directors**”) of CS Mall Group Limited (the “**Company**” or “**CS Mall**”) 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*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(unaudited)
<b>Revenue</b>	3	<b>838,314</b>	215,907
Cost of sales		<u><b>(813,320)</b></u>	<u>(173,866)</u>
<b>Gross profit</b>		<b>24,994</b>	42,041
Other income		<b>693</b>	942
Other gains and losses		<b>(1,281)</b>	145
(Provision for) reversal of impairment loss			
under expected credit loss model, net	9	<b>(264)</b>	10,173
Selling and distribution expenses		<b>(21,410)</b>	(9,970)
Administrative expenses		<b>(18,123)</b>	(14,654)
Research and development costs		<b>(144)</b>	–
Other expenses		<b>(34)</b>	(17)
Finance costs		<u><b>(1,070)</b></u>	<u>(220)</u>
<b>(Loss) profit before tax</b>		<b>(16,639)</b>	28,440
Income tax expense	4	<u><b>(7)</b></u>	<u>(8,390)</u>
<b>(Loss) profit and total comprehensive (expense) income for the period</b>	5	<u><b>(16,646)</b></u>	<u>20,050</u>
<b>(Loss) profit and total comprehensive (expense) income for the period attributable to:</b>			
Owners of the Company		<b>(10,341)</b>	20,050
Non-controlling interests		<u><b>(6,305)</b></u>	<u>–</u>
		<u><b>(16,646)</b></u>	<u>20,050</u>
		<b><i>RMB</i></b>	<i>RMB</i>
Basic (loss) earnings per share	7	<u><b>(0.01)</b></u>	<u>0.02</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(unaudited)</b>	<b><i>RMB'000</i></b> <b>(audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		14,353	16,883
Right-of-use assets		6,283	8,326
Deferred tax assets		3,336	4,317
Refundable rental deposits		707	707
Deposits paid on acquisition of non-current assets		–	93
Goodwill	12	14,223	–
		<b>38,902</b>	<b>30,326</b>
<b>CURRENT ASSETS</b>			
Inventories		1,030,054	978,469
Trade and other receivables	8	163,522	175,869
Amount due from immediate holding company		13,297	13,256
Bank balances and cash		379,432	312,649
		<b>1,586,305</b>	<b>1,480,243</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	107,683	83,191
Bank borrowings	11	87,636	–
Lease liabilities – current portion		3,673	4,069
Contract liabilities		8,097	2,636
Amount due to non-controlling interests of a subsidiary		6,435	–
Amounts due to fellow subsidiaries		4,101	3,763
Amounts due to related companies		8,987	9,010
Income tax payable		3,375	5,570
		<b>229,987</b>	<b>108,239</b>
<b>NET CURRENT ASSETS</b>		<b>1,356,318</b>	<b>1,372,004</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,395,220</b>	<b>1,402,330</b>

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
<b>CAPITAL AND RESERVES</b>		
Share capital	842	842
Share premium and reserves	<u>1,385,906</u>	<u>1,396,247</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
	<b>1,386,748</b>	1,397,089
Non-controlling interests	<u>5,011</u>	<u>–</u>
<b>TOTAL EQUITY</b>	<u><b>1,391,759</b></u>	<u>1,397,089</u>
<b>NON-CURRENT LIABILITY</b>		
Lease liabilities – non-current portion	<u>3,461</u>	<u>5,241</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITY</b>	<u><b>1,395,220</b></u>	<u><b>1,402,330</b></u>

# 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

On 31 December 2021, the Group entered into an investment agreement with independent third parties to obtain 51% effective ownership in Jiangsu Nongmuren Electronic Business Corp.\* (江蘇農牧人電子商務股份有限公司) (“**Jiangsu Nongmuren**”) in cash consideration by way of capital injection of RMB26,000,000 payables in cash to Jiangsu Nongmuren in two installments.

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. Detail of acquisition of a subsidiary are set out in Note 12.

## 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

Except as described below, 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.

### **Impacts and changes in accounting policies on application of Amendments to IFRS Reference to the Conceptual Framework**

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by IASB in March 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

The Group applies the amendments to business' combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### (i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Sales of gold products	103,407	103,773
Sales of silver products	55,722	111,429
Sales of colored gemstones	1,307	–
Sales of gem-set and other jewellery products	541	705
Sales of fresh food products	677,337	–
	<u>838,314</u>	<u>215,907</u>

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

#### (ii) Segment information

For the six months period ended 30 June 2022, 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) designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the People's Republic of China (the "PRC") ("**New Jewellery Retail segment**"); and
- (ii) 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:

	<b>Six months ended 30 June 2022</b>		
	<b>New</b>		
	<b>Jewellery</b>	<b>Fresh Food</b>	
	<b>Retail</b>	<b>Retail</b>	
	<b>segment</b>	<b>segment</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>			
External sales	<u>160,977</u>	<u>677,337</u>	838,314
<b>Results</b>			
Segment results	<u>(3,058)</u>	<u>(12,868)</u>	(15,926)
<b>Non-segment items</b>			
Unallocated income, expenses, gains and losses			<u>(713)</u>
Loss before tax			<u><u>(16,639)</u></u>

For the six months period ended 30 June 2021, the Group only had one operating and reportable segment. Management determined the operating segment based on the information reported to the Group's CODMs. The CODMs assessed the operating performance and allocated the resources of the Group as a whole as the Group was primarily engaged in the business of design and sale of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC. Accordingly, there was only one operating and reportable segment.

### **(iii) Geographical information**

The Group's revenue is derived from the PRC, based on the location of customers. Therefore, no geographical information is presented.

#### 4. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(unaudited)
PRC Enterprise Income Tax (“EIT”)		
– Current period	–	3,999
– Overprovision in respect of prior periods	<b>(974)</b>	<b>(343)</b>
	<b>(974)</b>	3,656
Deferred taxation for the period	<b>981</b>	4,734
	<b>7</b>	<b>8,390</b>

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.

As at 30 June 2022, the Group has unused tax losses arising in Hong Kong of HK\$20,870,000 (equivalent to approximately RMB17,806,000) (31 December 2021: HK\$20,979,000 (equivalent to approximately RMB17,138,000)) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams. All losses may be carried forward indefinitely.

As at 30 June 2022, the Group has tax losses arising in the PRC of RMB61,532,000 (31 December 2021: RMB22,084,000) available for offset against future profits that may be carried forward for up to five years for EIT purpose. No deferred tax asset has been recognised in respect of the tax losses due to unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends payable to non-PRC shareholders which is declared in respect of profits earned by 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 RMB447,222,000 as at 30 June 2022 (31 December 2021: RMB438,032,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 5. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	<b>645,619</b>	173,866
Depreciation of property, plant and equipment	<b>2,438</b>	1,963
Depreciation of right-of-use assets	<b>2,061</b>	3,446
Bank interest income	<b>(500)</b>	(750)
Net exchange loss (gain)	<b>713</b>	(142)
Loss on disposal of property, plant and equipment	<b>568</b>	–
Expenses on short-term leases in respect of retail shops and warehouse	<b>28</b>	117
	<b><u>28</u></b>	<b><u>117</u></b>

## 6. 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 have determined that no dividend will be paid in respect of both interim periods.

## 7. BASIC (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
<b>(Loss) earnings</b>		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share ( <i>RMB'000</i> )	<u><u>(10,341)</u></u>	<u><u>20,050</u></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share ( <i>in thousand</i> )	<u><u>1,237,875</u></u>	<u><u>1,237,875</u></u>
Basic (loss) earnings per share ( <i>RMB</i> )	<u><u>(0.01)</u></u>	<u><u>0.02</u></u>

No diluted (loss) earnings per share for the six months ended 30 June 2022 and 2021 is presented as there were no potential dilutive shares in issue for both periods.

## 8. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade receivables for contracts with customers	34,678	34,963
<i>Less: allowance for credit losses</i>	<u>(12,512)</u>	<u>(11,856)</u>
	22,166	23,107
Other receivables, deposits and prepayments	34,569	7,580
Prepayments to suppliers ( <i>Note</i> )	76,609	121,341
Value-added tax (“VAT”) recoverable	<u>30,178</u>	<u>23,841</u>
	<u><u>163,522</u></u>	<u><u>175,869</u></u>

*Note:* Included in the balance are prepayments to a fellow subsidiary with a carrying amount of RMB68,171,000 (31 December 2021: RMB117,537,000).

The Group does not grant any credit period to its retail customers and generally grants its corporate customers a credit period ranging from 0 to 90 days and requires advance deposits for 30% to 100% of the contract value 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:

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>16,536</b>	18,532
31 – 60 days	<b>1,843</b>	1,963
61 – 90 days	<b>2,124</b>	680
Over 90 days	<b>1,663</b>	1,932
	<b><u>22,166</u></b>	<u>23,107</u>

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 receivables for the six months ended 30 June 2022 and 2021 are set out in note 9.

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
(Provision for) reversal of impairment loss recognised in respect of trade receivables, net	<b><u>(264)</u></b>	<u>10,173</u>

The basis of determining the inputs and assumptions and the estimation techniques used 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.

## 10. TRADE 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:

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Trade payables		
0 – 30 days	<b>6,264</b>	10,219
31 – 60 days	<b>29</b>	–
61 – 90 days	<b>36</b>	434
Over 90 days	<b>27,148</b>	20,497
	<b>33,477</b>	31,150
Other payables and accrued expenses	<b>57,060</b>	35,117
VAT and other tax payables	<b>9,733</b>	8,702
Provision for termination of assignment contracts ( <i>Note</i> )	<b>7,413</b>	8,222
	<b>107,683</b>	83,191

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

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

As at 31 December 2021, the Group had already paid an aggregate amount of RMB290,094,000 in relation to the Acquisition and fully received the Compensation Sum. As at 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.

## 11. BANK BORROWINGS

On 15 April 2022, the Group obtained three new borrowings with aggregate amount of RMB74,000,000 (six months ended 30 June 2021: nil) from a bank, which carry variable interest rate at 2.24% above loan prime rate per annum. These borrowings are secured by the assets held by an independent third party (“**Independent Third Party**”) and guaranteed by corporate guarantees of RMB96,200,000 of each given by a fellow subsidiary and Independent Third Party respectively.

On 10 June 2022, the Group obtained a new borrowing of RMB10,000,000 from another bank, which carries fixed interest rate at 4.625% per annum. The borrowing is guaranteed by a personal guarantee of RMB10,000,000 given by Mr. Chen Wantian, a director of the immediate holding company, a personal guarantee of RMB10,000,000 given by Mr. Qian Pengcheng, a director of the Company, and a corporate guarantee of RMB10,000,000 given by another independent third party.

In addition, the Group obtained two bank borrowings of RMB3,500,000 and RMB295,000 through acquisition of a subsidiary during current period, which the Group repaid RMB159,000 for the borrowing with principal amount of RMB295,000 during the current period.

The bank borrowings carry interest at fixed rates ranged from 4.05% to 14.40% per annum. The bank borrowing amounting to RMB3,500,000 is guaranteed by joint guarantee of RMB4,725,000 given by a director of Jiangsu Nongmuren, an independent third party and non-controlling interest of Jiangsu Nongmuren. The bank borrowing amounting to RMB136,000 is guaranteed by personal guarantee of RMB510,000 given by a director of Jiangsu Nongmuren.

## 12. 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 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), 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
	<hr/>
	<b>26,000</b>
	<hr/> <hr/>

### 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)
	<hr/>
	<b>23,093</b>
	<hr/> <hr/>

**RMB'000**  
**(unaudited)**

**Goodwill on acquisition**

Consideration to be satisfied	26,000
Add: non-controlling interests	11,316
Less: net assets acquired	<u>(23,093)</u>
	<b><u>14,223</u></b>

**Net cash inflow arising on acquisition**

Cash consideration paid	<b>(9,000)</b>
Bank balances and cash acquired	<u>10,398</u>
	<b><u>1,398</u></b>

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 1H2022, the novel coronavirus (“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.

In the first half of the year, in order to diversify business risks, the Group invested in a fresh food S2B2C platform (i.e. the “Nongmuren” platform) to enhance its risk resilience and long-term profitability. In the short term, the platform has already brought satisfactory income to the Group. The revenue of the Group for 1H2022 was approximately RMB838.3 million (1H2021: RMB215.9 million), representing a substantial increase of approximately RMB622.4 million from that for 1H2021. Since the “Nongmuren” platform is in an early stage of rapid growth, operating costs are required to expand the sales channels rapidly, in 1H2022, the Group’s loss attributable to owners of the Company was approximately RMB10.3 million (1H2021: profit attributable of approximately RMB20.1 million).

In the past two years, in respect of its jewellery business, the Group closed brick-and-mortar stores successively and expanded third-party online sales channels. However, the entire e-commerce industry also suffered a blow in the first half of the year. First, the closure and control measures hindered express delivery, and the e-commerce industry without express delivery was basically put on a halt; secondly, in addition to the changes in the consumption environment caused by the epidemic, high unemployment and falling incomes are also factors resulting in the decline in consumer sentiment, especially the decline in demand for non-essential consumer goods. The jewellery retail industry as a typical consumer discretionary sector is under great pressure. During the reporting period, sales through third-party channels contributed most of the Group's online revenue. In the past two years, the Group continued to improve 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. In the first half of the year, as the epidemic hindered express delivery and resulted in a decrease in consumer sentiment and the relevant national authorities implemented regulations over various e-commerce live streaming platforms and intensified supervision over top streamers (such as Wei Ya (薇婭), Xue Li (雪梨), Li Jiaqi (李佳琦), etc.) who cooperated with the Group previously, the sales through e-commerce live streaming was affected to a certain extent in the short run during the first half of the year. However, with the rectification and regulation of the industry, the e-commerce live streaming industry is expected to usher in a golden period of development, and the Group will continue to make efforts by leveraging the third-party e-commerce live streaming sector again.

As the epidemic has not yet ended, the Group has no concrete plan on further expansion of offline stores, and it slowed down the expansion of its offline network and cautiously selected sites for opening 3 new stores and closed 15 stores during the period.

In 1H2022, under the influence of the escalation of geopolitical tensions and the global widespread of the mutated strains of COVID-19, the hedging and value-preserving function of gold became prominent, and the price of gold soared in fluctuations and once approached the highest level in history, resulting in an increase in the wholesale demand for gold products, accounting for approximately 64.2% of sales in the New Jewellery Retail segment.

The Group has always advocated diversified product sales, with three major products including gold jewellery, silver jewellery and gemstone jewellery. Previously, the Company adopted a sales strategy focusing on gold and silver jewellery, supplemented by gemstone jewellery. In the future, it will develop gemstone jewellery into a new growth point for the Company's business following the trends in the market in addition to consolidating the foundation of the gold and silver jewellery product business, so as to achieve vigorous development in all three series of products of the Company. The Group is still optimistic about the room for appreciation and market potential of colored gemstones this year. In particular, as the annual production of scarce ruby mines has seen a downward trend, which has intensified the rarity of rubies, the price of high-quality rubies has increased continuously in the past three years, increasingly demonstrated the investment, value preservation and value appreciation functions of rubies. In particular, high-quality rubies are rare in the market and have become the focus of ruby collectors. Due to the scarcity and the properties of value preservation and appreciation of rubies, the Group will carefully consider its sales strategy, and has explored sales opportunities to domestic business collaboration customers to gradually expand the sales market.

On 31 December 2021, the Group entered into a new investment agreement through its subsidiary Shenzhen Guojintongbao Company Limited\* (深圳國金通寶有限公司) (“**Shenzhen Guojintongbao**”) for investment in Jiangsu Nongmuren Electronic Business Corp.\* (江蘇農牧人電子商務股份有限公司), as the developer and operator of the S2B2C (supply chain to business to customer) platform (i.e. “農牧人” (“**Nongmuren**”, meaning farmers and herdsmen) 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. Small and medium-sized businesses are empowered through the S2B2C model, whilst farms and farmers are empowered through the F2B2C (farm to business to customer) model, to achieve whole-process digitalization from agricultural laborers’ cultivation of crops and rearing of livestock to citizens’ consumption of agricultural products. The Group expands its business operations from the retail of jewellery, a non-essential good, to the retail of fresh food, an essential good, to assist in modernizing and empowering another traditional industry, namely the PRC agriculture industry. Relying on the advantages of the single-product supply chain, Nongmuren currently launches the “Meat Shopkeeper (肉掌櫃)” brand business only for pork which is frequently needed and necessary. 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.

## **New Jewellery Retail segment**

### ***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***

#### *(1) 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.

(2) *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.

(3) *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**

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.

## Prospects

Looking ahead, continuous focus on digital marketing is one of the keys to the Group's sustainable growth. The Group's New Jewellery Retail segment and 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.

As a vertical jewellery live streaming platform, CSMall has been empowering the traditional jewellery industry with digital intelligence. In view of the huge impact of the epidemic on the jewellery retail industry and the many uncertainties in the post-epidemic era, the Group also explores and considers suitable business opportunities inside and outside the jewellery industry from time to time to diversify its business risks, in order to enable the Group to expand its experience, capabilities and resources in the new Internet retail field to other vertical Internet fields and make its business more diversified. The Group's expansion in the Fresh Food Retail business filed has been fruitful and the Group is also confident that this business field will continue to bring better returns to shareholders in the future.

## Financial Review

### Revenue

The revenue of the Group for 1H2022 was approximately RMB838.3 million (1H2021: RMB215.9 million), representing a significant increase of approximately 288.3% from that for 1H2021.

	1H2022		1H2021	
	Revenue	% of	Revenue	% of
	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>New Jewellery Retail Segment</b>				
<i>Online Sales Channels</i>				
Third-party online sales channels	137,105	16.4%	104,717	48.5%
Self-operated online platform	–	–	1,145	0.5%
	<u>137,105</u>	<u>16.4%</u>	<u>105,862</u>	<u>49.0%</u>
<i>Offline Retail and Service Network</i>				
CSmall Shops	532	0.1%	8,691	4.0%
Shenzhen Exhibition Hall	23,340	2.8%	101,231	46.9%
Third-party offline points of sale	–	–	123	0.1%
	<u>23,872</u>	<u>2.9%</u>	<u>110,045</u>	<u>51.0%</u>
<b>Fresh Food Retail Segment</b>	<u>677,337</u>	<u>80.7%</u>	–	–
<b>Total</b>	<u><b>838,314</b></u>	<u><b>100.0%</b></u>	<u>215,907</u>	<u>100.0%</u>

## *New Jewellery Retail Segment*

### Online Sales Channels

For 1H2022, the online sales channels recorded sales of approximately RMB137.1 million (1H2021: RMB105.9 million), representing an increase of approximately 29.5% as compared to that for 1H2021. This was mainly due to the increase in sales through third-party online sales channels since the Group has cooperated with more top streamers to achieve more sales exposure during the period, notwithstanding that relevant national authorities implemented regulations over various e-commerce live streaming platforms and intensified supervision over top streamers which affected the e-commerce live streaming industry temporarily during the first half of the year.

### Offline Retail and Service Network

For 1H2022, the offline retail and service network recorded sales of approximately RMB23.9 million (1H2021: RMB110.0 million), representing a significant decrease of approximately 78.3% as compared to that for 1H2021, mainly due to the resurgence of COVID-19 in various parts of China during the period, which resulted in temporary business suspensions and further weakened consumer sentiment in China.

## *Fresh Food Retail Segment*

During 1H2022, a new segment under CS Mall, 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).

## ***Cost of Sales and Services Provided***

Cost of sales increased from approximately RMB173.9 million for 1H2021 to approximately RMB813.3 million for 1H2022, representing a significant increase of approximately 367.8%, mainly due to the contribution from the new Fresh Food Retail segment for 1H2022.

## ***Gross Profit and Gross Profit Margin***

We recorded gross profit of approximately RMB25.0 million for 1H2022 (1H2021: RMB42.0 million), representing a decrease of approximately 40.5% as compared to that for 1H2021. The overall gross profit margin decreased from approximately 19.5% to approximately 3.0%, mainly due to the increase of sales from the new Fresh Food Retail segment which has a lower gross profit margin.

### ***Other Income, Gains and Losses***

Other income, gains and losses mainly include interest income and net exchange (gain)/losses.

### ***Selling and Distribution Expenses***

Selling and distribution expenses significantly increased by approximately 114.7% from approximately RMB10.0 million for 1H2021 to approximately RMB21.4 million for 1H2022, mainly due to the contribution of the new Fresh Food Retail segment for 1H2022.

### ***Administrative Expenses***

Administrative expenses increased by approximately 23.7% from approximately RMB14.7 million for 1H2021 to approximately RMB18.1 million for 1H2022, mainly due to the contribution of the new Fresh Food Retail segment for 1H2022.

### ***Income Tax Expense***

The amount decreased primarily due to the decrease in assessable profit before tax.

### ***(Loss) Profit for the Period***

For 1H2022, we recorded a loss attributable to owners of the Company of approximately RMB10.3 million (1H2021: profit attributable of approximately RMB20.1 million). Such turnaround from profit to loss is mainly attributable to (i) in respect of the Group's New Jewellery Retail segment, the volume of sales for 1H2022 was lower than that for 1H2021 primarily due to temporary business suspensions and further weakened consumer sentiment in China; and (ii) in respect of the Group's Fresh Food Retail segment, which began to be consolidated as a non-wholly-owned subsidiary 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.

### ***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 226.0 days (for the year ended 31 December 2021: 988.7 days). The decrease was attributable to the sales of fresh food products under the new Fresh Food Retail segment which has a shorter turnover cycle.

The turnover days for trade receivables for 1H2022 were approximately 4.9 days (for the year ended 31 December 2021: 51.6 days). The decrease was mainly due to the new Fresh Food Retail segment which has a relatively shorter credit terms for its customers.

The turnover days for trade payables for 1H2022 were approximately 7.3 days (for the year ended 31 December 2021: 54.1 days). The decrease was mainly due to the new Fresh Food Retail segment which has a relatively shorter repayment terms from its suppliers.

### ***Bank Borrowings***

As of 30 June 2022, the Group's bank borrowings balance amounted to approximately RMB87.6 million (as of 31 December 2021: nil), of which approximately RMB74.0 million of bank borrowings was carried at floating interest rate and approximately RMB13.6 million was carried at fixed interest rate. The bank borrowings would be due for repayment within one year.

The Group's net gearing ratio was calculated on the basis of 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 -21.0% (as of 31 December 2021: -22.4%).

### ***Capital Expenditures***

For 1H2022, the Group invested approximately RMB0.3 million in property, plant and equipment (1H2021: RMB14.7 million).

## ***Capital Commitments***

	<b>30 June 2022 RMB'000 (unaudited)</b>	31 December 2021 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of plant and equipment	<u>          -</u>	<u>          140</u>

## ***Contingent Liabilities***

During the six months ended 30 June 2022, Jiangxi Jiyin Company Limited\* (江西吉銀實業有限公司) (“**Jiangxi Jiyin**”), a subsidiary of the Group, provided a corporate guarantee of RMB250,000,000 to Jiangxi Longtianyong Nonferrous Metals Co., Ltd.\* (江西龍天勇有色金屬有限公司) (“**Jiangxi Longtianyong**”), a fellow subsidiary of the Group and a wholly-owned subsidiary of China Silver Group Limited (the immediate and ultimate holding company of the Group), to obtain a bank borrowing. If Jiangxi Longtianyong fails to repay the bank borrowing based on the borrowing terms in the loan agreement, Jiangxi Jiyin will become liable to compensate such bank accordingly (for the year ended 31 December 2021: nil).

## ***Pledge of Assets***

As of 30 June 2022, none of the Group’s assets was pledged (as of 30 June 2021: nil).

## ***Foreign Exchange Risk***

Almost all of the Group’s assets, liabilities, revenues, costs and expenses were denominated in RMB. As a result, the management believes that foreign exchange exposure of the Group is minimal and confirms no foreign exchange hedging arrangement has been made.

## ***Employees***

As of 30 June 2022, the Group employed 258 staff members (31 December 2021: 176 staff members) and the total remuneration for 1H2022 amounted to approximately RMB14.3 million (1H2021: RMB8.3 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***

During 1H2021, the Group was principally financed by internal resources, bank borrowings, net proceeds received from the global offering of the Company in 2018 and net proceeds received from the strategic issuance of the Company to Mr. Yao Runxiong in 2019.

During 1H2022, the Group was principally financed by internal resources and bank borrowings. The Group's principal financing instruments comprise bank balances and cash, trade and other receivables, as well as trade 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 RMB379.4 million (as of 31 December 2021: RMB312.6 million), RMB1,356.3 million (as of 31 December 2021: RMB1,372.0 million) and RMB1,395.2 million (as of 31 December 2021: RMB1,402.3 million), respectively.

## ***Interim Dividend***

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

## ***Significant Investment Held, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures***

*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 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(有限合伙夥)) (“**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 “農牧人” (“Nongmuren”, meaning farmers and herdsmen) 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 the Group with 51% effective ownership. 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 of subsidiaries, associates and joint ventures during 1H2022.

### ***Significant Events After the Reporting Period***

There is no material subsequent event after the reporting period.

## **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 two executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules. During 1H2022, the Company had complied with the code provisions under the CG Code except for code provision C.2.1.

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

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

The Board will continue to review the situation and consider splitting the roles of Chairman and Chief Executive Officer of the Company in due course after taking into account of the then overall circumstances of the Group.

### **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 and 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 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.

### **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.csmall.com) 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  
**CSMall Group Limited**  
**Chen He**  
*Chairman*

Hong Kong, 30 August 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Chen He and Mr. Qian Pengcheng; and the independent non-executive directors of the Company are Mr. Yu Leung Fai, Mr. Hu Qilin and Mr. Zhang Zuhui.*

\* *For identification purpose only*