

*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.*



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

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

**(Stock Code: 1815)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**HIGHLIGHTS OF 2023 ANNUAL RESULTS**

The Group's revenue for 2023 was approximately RMB500.5 million (2022: RMB1,790.3 million), representing a significant decrease of approximately 72.0% as compared to that for 2022. Such significant decrease was due to the decline of sales in the Fresh Food Retail segment of approximately RMB1,419.7 million, which outweighed the increase of sales of approximately RMB130.0 million in the New Jewellery Retail segment.

Loss attributable to owners of the Company for 2023 was approximately RMB35.0 million (2022: RMB25.6 million). Such continued loss-making position is mainly attributable to the following factors:

- (i) in respect of the Group's New Jewellery Retail segment, although the sales volume for 2023 increased compared to 2022, the increase was mainly attributable to the growth in sales of gold products, which had a lower gross profit margin compared to other jewellery products, thereby lowering the overall gross profit margin of the segment and recording a segment loss of approximately RMB7.8 million for 2023 (2022: RMB9.1 million); and
- (ii) in respect of the Group's Fresh Food Retail segment, the "Nongmuren" S2B2C platform was still in a consolidation stage with a focus on optimizing its network of collaborative stores, diversifying its product offerings and adjusting its business strategies. Besides, hog prices in Mainland China during 2023 were generally lower than those during 2022, which reduced shopkeepers' appetite for trade and thus the amount of hog transacted. For these reasons, the sales volume for 2023 was significantly lower than that for 2022, while the cost of sales and other related costs and expenses were also significantly reduced accordingly. Overall, given its status of development, the segment had not started to generate a net profit during 2023 and recording a segment loss of approximately RMB26.9 million (2022: RMB18.1 million).

The board of directors (individually, a “**Director**”, or collectively, the “**Board**” or the “**Directors**”) of CS Mall Group Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the year ended 31 December 2023 (or the “**current year**”, “**this year**” or “**during the year**”), together with the audited comparative figures for the year ended 31 December 2022 (or the “**last year**” or “**prior year**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue</b>	<i>4</i>	<b>500,532</b>	1,790,311
Cost of sales and services provided		<u>(463,102)</u>	<u>(1,737,930)</u>
<b>Gross profit</b>		<b>37,430</b>	52,381
Other income, net		<b>6,656</b>	1,819
Other gains and losses, net	<i>5</i>	<b>(7,281)</b>	(2,389)
Selling and distribution expenses		<b>(32,706)</b>	(41,812)
Administrative expenses		<b>(31,928)</b>	(36,915)
Research and development expenses		<b>(215)</b>	(281)
Provision for impairment loss under expected credit loss model, net	<i>11</i>	<b>(13,989)</b>	(1,549)
Share of loss of associates		<b>(28)</b>	–
Finance costs		<u>(6,150)</u>	<u>(4,655)</u>
<b>Loss before income tax</b>		<b>(48,211)</b>	(33,401)
Income tax expense	<i>6</i>	<u>(291)</u>	<u>(870)</u>
<b>Loss and total comprehensive expense for the year</b>	<i>7</i>	<u><b>(48,502)</b></u>	<u>(34,271)</u>
<b>Loss and total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(34,998)</b>	(25,603)
Non-controlling interests		<u>(13,504)</u>	<u>(8,668)</u>
		<u><b>(48,502)</b></u>	<u>(34,271)</u>
		<i>RMB</i>	<i>RMB</i>
<b>Loss per share</b>	<i>9</i>		
Basic		<u>(0.028)</u>	<u>(0.021)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2023*

	<i>Notes</i>	<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>10,142</b>	12,683
Goodwill		<b>12,476</b>	12,476
Right-of-use assets		<b>4,424</b>	5,027
Intangible assets		<b>5,421</b>	6,196
Investment in associates		<b>12</b>	–
Deferred tax assets		<b>3,726</b>	3,087
Refundable rental deposits	<i>10</i>	<b>–</b>	762
		<b>36,201</b>	40,231
<b>CURRENT ASSETS</b>			
Inventories		<b>980,549</b>	993,691
Trade and other receivables	<i>10</i>	<b>131,178</b>	108,667
Amount due from immediate holding company		<b>15,443</b>	13,372
Amount due from a fellow subsidiary		<b>2,944</b>	–
Tax recoverable		<b>736</b>	948
Bank balances and cash		<b>419,510</b>	475,214
		<b>1,550,360</b>	1,591,892
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>12</i>	<b>113,862</b>	126,199
Lease liabilities – current portion		<b>3,825</b>	3,958
Contract liabilities		<b>3,584</b>	5,317
Amount due to a fellow subsidiary		<b>2,310</b>	3,341
Amounts due to related companies		<b>8,892</b>	8,964
Amount due to a non-controlling interest		<b>22,513</b>	15,468
Income tax payable		<b>6,761</b>	5,637
Bank borrowings	<i>13</i>	<b>94,000</b>	84,062
		<b>255,747</b>	252,946
<b>NET CURRENT ASSETS</b>		<b>1,294,613</b>	1,338,946
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,330,814</b>	1,379,177

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>842</b>	842
Share premium and reserves	<b><u>1,335,646</u></b>	<u>1,370,644</u>
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>	<b>1,336,488</b>	1,371,486
Non-controlling interests	<b><u>(9,178)</u></b>	<u>4,326</u>
<b>TOTAL EQUITY</b>	<b><u>1,327,310</u></b>	<u>1,375,812</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<b>1,355</b>	1,549
Lease liabilities – non-current portion	<b><u>2,149</u></b>	<u>1,816</u>
	<b><u>3,504</u></b>	<u>3,365</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>	<b><u><u>1,330,814</u></u></b>	<u><u>1,379,177</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 1 GENERAL INFORMATION

CSMall Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 19 January 2017. The address of the registered office is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and principal place of business in Hong Kong of the Company is Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 March 2018.

The Company is an investment holding company. The Group operates the business of design and sale of gold, silver, colored gemstones, gem-set and other jewellery products; and integrated online-and-offline sales of fresh food in the People’s Republic of China (“**PRC**”) and providing related electronic platforms and branding and software as a service (“**SaaS**”) services along the agricultural supply chain in the PRC.

The immediate and ultimate holding company is China Silver Group Limited (“**China Silver Group**”), a public limited company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

### **2.1(a) New standards and amendments to IFRSs that are mandatorily effective for the current year**

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

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

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

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

Certain new standards and amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These new standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 3 SEGMENT INFORMATION

The Group has two operating and reportable segments (2022: two segments). Management determines the operating segments based on the information reported to the Group's chief operating decision makers (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 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 services along the agricultural supply chain in the PRC (“**Fresh Food Retail segment**”).

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

#### (a) Segment revenue and results

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

	<b>For the year ended 31 December 2023</b>		
	<b>New Jewellery Retail segment <i>RMB'000</i></b>	<b>Fresh Food Retail segment <i>RMB'000</i></b>	<b>Consolidated <i>RMB'000</i></b>
<b>Revenue</b>			
External sales	<u>410,458</u>	<u>90,074</u>	<u>500,532</u>
<b>Total segment Revenue</b>	<b><u>410,458</u></b>	<b><u>90,074</u></b>	<b><u>500,532</u></b>
<b>Results</b>			
Segment results	<u>(7,837)</u>	<u>(26,943)</u>	(34,780)
<b>Non-segment items</b>			
Unallocated income, expenses, gains and losses			(7,281)
Finance costs			<u>(6,150)</u>
Loss before income tax			<b><u>(48,211)</u></b>

	For the year ended 31 December 2022		
	New Jewellery	Fresh Food	
	Retail segment	Retail segment	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>			
External sales	<u>280,504</u>	<u>1,509,807</u>	<u>1,790,311</u>
<b>Total segment Revenue</b>	<u><u>280,504</u></u>	<u><u>1,509,807</u></u>	<u><u>1,790,311</u></u>
<b>Results</b>			
Segment results	<u>(9,064)</u>	<u>(18,111)</u>	(27,175)
<b>Non-segment items</b>			
Unallocated income, expenses, gains and losses			(1,821)
Unallocated finance costs			<u>(4,405)</u>
Loss before income tax			<u><u>(33,401)</u></u>

(b) **Segment assets and liabilities**

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

**At 31 December 2023**

	New Jewellery	Fresh Food	Unallocated	Total
	Retail segment	Retail segment		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>				
Segment assets	<u>1,509,287</u>	<u>57,048</u>	<u>20,226</u>	<u>1,586,561</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>167,563</u>	<u>80,313</u>	<u>11,375</u>	<u>259,251</u>

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

At 31 December 2022

	New Jewellery Retail segment <i>RMB'000</i>	Fresh Food Retail segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>ASSETS</b>				
Segment assets	<u>1,537,927</u>	<u>76,841</u>	<u>17,355</u>	<u>1,632,123</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>171,254</u>	<u>72,751</u>	<u>12,306</u>	<u>256,311</u>

(c) **Other segment information**

For the year ended 31 December 2023

	New Jewellery Retail segment <i>RMB'000</i>	Fresh Food Retail segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>				
Depreciation of property, plant and equipment	(3,885)	(102)	–	(3,987)
Amortisation of intangible assets	–	(775)	–	(775)
Depreciation of right-of-use assets	(3,129)	(1,443)	(338)	(4,910)
Provision for impairment loss under expected credit loss model, net	(2,907)	(11,082)	–	(13,989)
Share of loss of associates	<u>–</u>	<u>(28)</u>	<u>–</u>	<u>(28)</u>

For the year ended 31 December 2022

	New Jewellery Retail segment <i>RMB'000</i>	Fresh Food Retail segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Amounts included in the measure of segment profit or loss or segment assets:</b>				
Depreciation of property, plant and equipment	(4,560)	(77)	–	(4,637)
Amortisation of intangible assets	–	(774)	–	(774)
Depreciation of right-of-use assets	(3,383)	–	(496)	(3,879)
Provision for impairment loss under expected credit loss model, net	(812)	(737)	–	(1,549)
Written-off of property, plant and equipment	<u>(568)</u>	<u>(1)</u>	<u>–</u>	<u>(569)</u>

**(d) Geographical information**

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

	Revenue from external customers		Non-current assets	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
The mainland of the PRC	500,532	1,790,311	32,273	35,831
Hong Kong	–	–	190	551
	<u>500,532</u>	<u>1,790,311</u>	<u>32,463</u>	<u>36,382</u>

*Note:* Non-current assets excluded deferred tax assets, investment in associates and refundable rental deposits.

(e) **Information about major customers**

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

	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
Customer A <sup>1</sup>	<b><u>254,213</u></b>	<b><u>N/A</u></b> <sup>2</sup>

*Notes:*

- 1 Revenue from a television shopping channel contractor (included in television and video shopping channels under online sales channels) that delivered the products of the Group to the respective end users.
- 2 The corresponding revenue did not contribute over 10% of the total revenue of the Group during the relevant financial year.

#### 4. REVENUE

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

Segments	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>By products</b>		
New Jewellery Retail segment		
– Sales of gold products	300,701	161,559
– Sales of silver products	104,149	115,409
– Sales of colored gemstones	3,105	2,842
– Sales of gem-set and other jewellery products	<u>2,503</u>	<u>694</u>
	410,458	280,504
Fresh Food Retail segment		
– Sales of fresh food products	<u>90,074</u>	<u>1,509,807</u>
Total	<u><u>500,532</u></u>	<u><u>1,790,311</u></u>
<b>By sales channels</b>		
Online sales channels ( <i>Note i</i> )	<u>358,471</u>	<u>248,731</u>
Offline retail and service network		
– CSmall Shops ( <i>Note ii</i> )	1,630	853
– Shenzhen Exhibition Hall ( <i>Note iii</i> )	<u>50,357</u>	<u>30,920</u>
	<u>51,987</u>	<u>31,773</u>
Retail stores ( <i>Note iv</i> )	<u>90,074</u>	<u>1,509,807</u>
Total	<u><u>500,532</u></u>	<u><u>1,790,311</u></u>

*Notes:*

- (i) Through various third-party online sales channels, including television and video shopping channels, e-commerce platform and instant messenger, sales orders are received from customers online and delivery is initiated and arranged by the channels.
- (ii) It represents physical franchised CSmall Shops (2022: franchised CSmall Shops and self-operated CSmall Shops) selling jewellery products.
- (iii) It represents jewellery products exhibition hall self-operated by the Group located in Shuibe, Shenzhen.
- (iv) It represents physical stores for selling fresh food products.

All of the revenue are recognised at a point in time during the years ended 31 December 2023 and 2022.

**5. OTHER GAINS AND LOSSES, NET**

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net exchange loss	<b>(7,281)</b>	(1,820)
Write-off of property, plant and equipment	<u>          -</u>	<u>          (569)</u>
	<b><u>          (7,281)</u></b>	<b><u>          (2,389)</u></b>

## 6. INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
The PRC Enterprise Income Tax (“EIT”)		
– current year	1,124	–
– overprovision in respect of prior years	–	(166)
	<u>1,124</u>	<u>(166)</u>
Deferred taxation – current year	(833)	1,036
	<u>291</u>	<u>870</u>

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

Under the Law of the PRC on EIT (the “EIT Law”) and its related implementation regulations, the Group’s PRC subsidiaries are subject to the PRC EIT at the statutory rate of 25% from 1 January 2008 onward.

## 7. LOSS FOR THE YEAR

Expenses included in cost of sales and services provided, selling and distribution expenses and administrative expenses are analysed as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Directors’ emoluments	2,108	2,019
Other staff costs:		
– Salaries and other allowances	24,260	26,195
– Retirement benefit scheme contributions	2,633	3,267
	<u>29,001</u>	<u>31,481</u>
Total staff costs		
Cost of inventories and services recognised as expenses (included in cost of sales and services provided)	463,102	1,737,930
Auditor’s remuneration	1,031	989
Amortisation of intangible assets	775	774
Depreciation of property, plant and equipment	3,987	4,637
Depreciation of right-of-use assets	4,910	3,879
Expenses on short-term leases in respect of office premises and retail shops	127	1,578
	<u>127</u>	<u>1,578</u>

## 8. DIVIDENDS

No dividends were paid, declared or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

## 9. LOSS PER SHARE

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

	2023	2022
Loss for the year attributable to owners of the Company for the purpose of basic loss per share ( <i>RMB'000</i> )	34,998	25,603
Weighted average number of ordinary shares for the purpose of basic loss per share ( <i>in thousand</i> )	<u>1,237,875</u>	<u>1,237,875</u>

No diluted loss per share is presented for the years ended 31 December 2023 and 2022 as there were no potential ordinary shares in issue for both years.

## 10. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Classified under non-current assets</b>		
Refundable rental deposits	<u>–</u>	<u>762</u>
<b>Classified under current assets</b>		
Trade receivables for contracts with customers	79,282	34,906
Less: allowance for expected credit losses in respect of trade receivables	<u>(22,221)</u>	<u>(14,091)</u>
	57,061	20,815
Other receivables, deposits and prepayments	59,622	62,577
Prepayments to suppliers ( <i>Note i</i> )	4,629	7,208
Value-added tax (“VAT”) recoverable	14,963	18,067
Refundable rental deposits	762	–
Less: allowance for expected credit losses in respect of other receivables	<u>(5,859)</u>	<u>–</u>
	<u>131,178</u>	<u>108,667</u>

Notes:

- (i) Included in the balance is prepayments paid to a fellow subsidiary of the Group, Jiangxi Longtianyong Nonferrous Metals Co., Ltd.\*, (江西龍天勇有色金屬有限公司) (“**Jiangxi Longtianyong**”), a wholly-owned subsidiary of China Silver Group, with a carrying amount of RMB1,601,000 as at 31 December 2023 (2022: RMB3,976,000).

\* *The English name is for identification only.*

The Group does not grant any credit period to its retail customers and generally grants its corporate customers a credit period ranging from 1 to 90 days and requires advance deposits 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 expected credit losses presented based on the invoice dates at the end of the reporting period is as follows:

	<b>2023</b>	2022
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
0 to 30 days	<b>51,317</b>	17,776
31 to 60 days	<b>633</b>	708
61 to 90 days	<b>188</b>	306
Over 90 days	<b>4,923</b>	2,025
	<b><u>57,061</u></b>	<u>20,815</u>

As at 31 December 2023, included in the Group’s trade receivables, net of allowance of credit losses were debtors with aggregate carrying amount of RMB5,894,000 (2022: RMB14,091,000) which were past due as at the reporting date. Out of the past due balances, RMB4,618,000 (2022: RMB1,031,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer. The Group does not hold any collateral over these balances.

## 11. PROVISION FOR IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Provision for impairment loss recognised, net		
– trade receivables	8,130	1,549
– other receivables	5,859	–
	<u>13,989</u>	<u>1,549</u>

## 12. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	30,139	32,760
Other payables and accrued expenses ( <i>Note i</i> )	61,966	76,605
VAT and other tax payables	14,344	9,421
Provision for termination of assignment contracts ( <i>Note ii</i> )	7,413	7,413
	<u>113,862</u>	<u>126,199</u>

### Notes:

- (i) Included in the other payables are payables for office leasehold improvement amounted to nil (2022: RMB10,084,000).
- (ii) 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 with the Committee and the Bureau, and a compensation agreement with the Committee, pursuant to which the Committee and the Bureau agreed to terminate the Contract and the Committee agreed to refund the deposits received amounting to RMB270,875,000 (the “**Compensation Sum**”) and compensate for (i) the capital expenditure and other expenses incurred by the Group in connection with the exploration, design and pre-construction works on the land; and (ii) certain taxes paid by another indirect wholly-owned subsidiary of the Group.

As at 31 December 2021, the Group had already paid an aggregate amount of RMB290,094,000 in relation to the Acquisition and fully received the Compensation Sum. As at 31 December 2023, 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 (2022: RMB7,413,000)

\* *The English name is for identification only.*

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>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 to 30 days	<b>5,918</b>	6,843
31 to 60 days	<b>50</b>	1,740
61 to 90 days	<b>292</b>	343
Over 90 days	<b>23,879</b>	23,834
	<b>30,139</b>	32,760

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

### 13. BANK BORROWINGS

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Secured bank borrowings carrying interest at fixed rate, repayable within one year and without repayment on demand clause	<b>14,000</b>	10,062
Secured bank borrowings carrying interest at floating rate, repayable within one year and without repayment on demand clause	<b>80,000</b>	74,000
	<b>94,000</b>	84,062

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

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Effective interest rate per annum	<b><u>5.31%</u></b>	<u>4.69%</u>

The total banking facility granted to the Group amounted to RMB97,500,000 (2022: RMB98,010,000) of which RMB94,000,000 (2022: RMB84,062,000) was utilised.

The amounts are secured and/or guaranteed by (i) personal guarantee from a director of China Silver Group, Mr. Chen Wantian and his spouse; (ii) personal guarantee from a director of the Company, Mr. Qian Pengcheng; (iii) corporate guarantee and certain assets of a supplier and independent third parties; (iv) personal guarantee from directors of the subsidiary, Jiangsu Nongmuren (as defined below); and (v) corporate guarantee from a fellow subsidiary (2022: (i) personal guarantee from a director of China Silver Group, Mr. Chen Wantian and his spouse; (ii) personal guarantee from a director of the Company, Mr. Qian Pengcheng; (iii) corporate guarantee and certain assets of a supplier and independent third parties; (iv) personal guarantee from directors of the subsidiary, Jiangsu Nongmuren (as defined below); and (v) corporate guarantee from a fellow subsidiary).

Bank borrowings of RMB14,000,000 (2022: RMB10,062,000) as at 31 December 2023 carry interest at fixed rates 4.25% (2022: from 3.90% to 14.40%) per annum and RMB80,000,000 (2022: RMB74,000,000) carry interest at loan prime rate plus 1.85% (2022: loan prime rate plus 2.24%) per annum.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The year 2023 saw economic downturn. In 2023, China's economy was under triple pressures of demand contraction, supply shock, and weakening expectations. The impact of the epidemic was far from over, and the macroeconomy greatly suffered, resulting in sluggish market and weak consumer spending. People's income did not significantly increase and even fell sharply in some regions. The shrinking consumption power was also an indisputable fact, and it would take time for the recovery of the market, consumer demand and business confidence to realize. In view of the context of weak sales growth in the retail industry, the Group has been exploring and considering suitable business opportunities within and outside the jewellery industry from time to time in recent years to diversify our business risks. On the one hand, we diversified our business by entering the fresh food industry of essential consumer goods. On the other hand, we have also been looking for new business growth drivers for our jewellery retail business.

### **New Jewellery Retail Segment**

In 2023, the Group's sales strategy of jewellery retail business was primarily focused on gold and silver, supplemented by gemstones and jewellery. During the Year, the gold and silver sales accounted for approximately 80.9% of the Group's total sales. In particular, benefited from the significant increase in gold price, gold sales also increased significantly by approximately 86.1% as compared to the last year. During the Year, gold price rose sharply, and in the second half of the year, gold price was reaching a peak of RMB490/g and close to RMB500/g and remained at a high level, which also led to a significant increase in our gold sales compared to the last year.

Building upon the foundation of our silver and gold business, we also developed a new business, i.e. the lab-grown diamond brand SISI. We invested significant amount of funds and efforts on brand planning, brand marketing, product design, team structure adjustment and expansion and regional agency nationwide of this project, making vigorous development and achieving significant progress. After intensive preparations, the products of the brand SISI gradually entered the market.

Compared with overseas markets, the lab-grown diamond industry in China is still in a relatively early stage of development. At present, Chinese consumers' awareness of the concept of lab-grown diamond and its advantages is still low. However, the industry has huge growth potential. It is expected that after a year or two of extensive promotion, consumers' awareness can be greatly improved and the market will expand rapidly, contributing to the major breakthroughs in the lab-grown diamond industry.

Compared to natural diamonds, lab-grown diamonds are more sustainable, with the impact on the environment significantly lower than that of mined diamonds. As consumers become more aware of sustainability and ethical purchasing, lab-grown diamonds are gaining popularity among the younger generation as an environmentally friendly, socially responsible and affordable option.

The improvement of the standardization and appraisal system of the lab-grown diamond industry is continuously empowering the industry chain, providing more professional endorsements and helping major brands to deploy lab-grown diamond jewellery series, and commencing a golden period for the development of lab-grown diamond. Since 2020, the number of lab-grown diamond brands in China has gradually increased, and leading jewellery brands began to proactively deploy resources for the lab-grown diamond market. SISI differentiates itself from the monotonous marketing and sales methods of other lab-grown diamonds brands currently on the market, SISI adheres to “one source for one diamond” and focuses on “growing warm jewellery-grade DNA diamonds for love” with the brand concept of “growing diamonds for love”. The concept is applied in various life scenes, e.g. “Love Diamond”, “Lanugo Diamond”, “Family Diamond”, “Pet Diamond”, “Friendship Diamond”, and “Self-Pleasing Diamond”, to connect the emotions of new life, encounter, companionship and commemoration. In contrast to traditional jewellery sales channels, we plan to promote this to-be-popularized brand through online new media platforms, and recruit offline city agents, so that we are able to leverage the customer base of pet stores, confinement centers and beauty salons to promote and sell SISI products. By sharing the benefits of the high profit margin of lab-grown diamonds to channel dealers, this model allows us to rapidly expand our distribution channels effectively. Moreover, given its customized nature, this product will require a minimal inventory and the cost advantage will become the highlight of this new business. In addition to lab-grown diamonds, the Group also continues to be optimistic about the room for appreciation and market potential of colored gemstones. Due to the scarcity and the value preservation and value appreciation attributes of rubies, the Group will carefully consider its sales strategy and gradually expand its sales channel, rubies are expected to embark on a long-term and stable price increase.

Due to the Group's focus on new business initiatives, store expansion was halted and 4 stores were closed during the year, with the total number of stores reduced to 16. In recent years, the Group continued to enhance 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. During the year, in addition to the existing e-commerce and live streaming sales of product categories, the Group also actively expanded the new business of SISI. The Group launched its new social media-based operating model through WeChat (微信) official account, TikTok (抖音), Xiaohongshu (小紅書), video channel, Weibo (微博), etc., to achieve strong exposure for the SISI brand through content integration. Meanwhile, SISI also established a presence on e-commerce platforms such as Taobao (淘寶) and mall applets (mini-programs), operating through multiple channels, to continuously enhance our brand influence.

### ***Online Sales Channels***

In 2023, our third-party online platforms included JD.com (京東), Suning (蘇寧), Tmall (天貓), WeChat (微信), TikTok (抖音) and Xiaohongshu (小紅書) and 13 television and video shopping channels in the PRC to promote and sell our jewellery products. We also became a core supplier in the gold, silver and jewellery category of all top television channels, which enabled us to achieve satisfactory sales performance. With a daily coverage of over 100 million home viewers in the PRC, our brand awareness among a vast population of Chinese viewers of television and video shopping channels was enhanced substantially.

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

## ***Offline Retail and Service Network***

### *(1) CSmall Shops*

For the year ended 31 December 2023, due to the development of the new business, the Group ceased to expand existing stores and adjusted the layout of offline business outlets by closing 4 stores. As of 31 December 2023, we had 16 franchised CSmall Shops located in 8 provinces and municipalities in the PRC, with presence in Beijing, Gansu, Heilongjiang, Henan, Sichuan, Tibet, Xinjiang and Zhejiang.

### *(2) Shenzhen Exhibition Hall*

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

## **Fresh Food Retail Segment**

On 31 December 2021, the Group entered into an investment agreement for investment and control in Jiangsu Nongmuren Electronic Business Corp.\* (江蘇農牧人電子商務股份有限公司) which is the developer and operator of the 「農牧人」 (“Nongmuren”, meaning farmers and herdsmen) S2B2C (supply chain to business to customer) platform. The “Nongmuren” S2B2C platform, officially launched in May 2021, provides branding and SaaS (software as a service) services to enterprises along the agricultural supply chain as well as small and medium-sized businesses in China. Through the investment, the Group expands its business operations from the new jewellery retail (non-essential good) to the new agricultural products retail (an essential good), thereby digitally empowering another traditional industry, namely the agricultural products industry, and promoting the modernization of the agricultural sector. This business grew rapidly during the epidemic and brought encouraging revenue to the Group in 2022. The sharp decline in performance in 2023 as compared with 2022 was due to the following two significant adjustments made in 2023 that led to a shift from the model of pursuing rapid expansion to a profit-driven model of refined operation.

Firstly, as the meat market in China saw a downward trend in pork prices and the overall pork consumption declined during the year, and in light of the diversion of business by the resumption of traditional fresh food model after the epidemic, the Group suspended the rapid expansion model of the original “Meat Shopkeeper (肉掌櫃)” business focusing on pork during the year and reduced the number of stores, resulting in a significant decrease in the sales of pork. However, during the year, the overall consumption of beef, lamb and other meat markets in China increased. Therefore, leveraging the foundation of the sheep and cattle industry chains established in last year, the focus of the Group this year was placed on exploring more competitive product categories and establishing Beef Shopkeeper (牛掌櫃), Lamb Shopkeeper (羊掌櫃), Noodle Shopkeeper (麵掌櫃) and other new shopkeepers of different forms. The Group also leaned toward these new business lines in terms of product development, team deployment and capital investment. In order to reduce costs and increase efficiency, the Group implemented a hierarchical approach of management and supply system on existing stores, adjusted market strategies, and reduced corresponding marketing expenses, thereby reducing losses. Funds were invested towards building supply chain capacity and development of new business lines. In addition, the Group continued to look for a better meat supply chain to minimize supply costs and provide higher profits for subsequent sales.

Secondly, while the original profit model was to charge technical service fees from merchants, we now turn merchants into franchisees, which lead to better and more refined management and also allow us to earn the price spread through the supply chain. The strategic focus shifted from expansion of stores to deepened development of stores. In particular, the focus was placed on strengthening the establishment of an upstream industry chain system in the supply chain. The main goal is to have a better grasp of the upstream price indices and quality systems and establish the traceability of the whole industry chain from upstream to downstream.

## PROSPECTS

Looking ahead, as the National Development and Reform Commission of the People's Republic of China have introduced measures to revive and expand consumption to further boost the economic outlook of China, we remain confident in the future market. Benefiting from the full liberalization of consumption scenarios and the Group's development and cultivation of new businesses, we will face new challenges and strengthen new businesses. For the New Jewellery Retail segment, leveraging the price advantages, environmental friendliness, wide variety (with colored diamonds and special-shaped diamonds), high-tech sense and other attributes of lab-grown diamonds, the Group will continue to deepen its presence in various industries, such as the beauty industry, pet industry, maternal and child industry and e-commerce industry, and will focus on the in-depth construction of a marketing system driven by accurate consumer insights to constantly expand the market size, with the plan of building SISI into the "No. 1 brand of DNA-grown diamonds". Meanwhile, the Group will strengthen product innovation and exert continuous efforts in product research and development and innovation, so as to launch more high-end and distinctive diamond products to meet the needs of different consumer groups and different application scenarios. In the context of macro economic uncertainty and geopolitical risks, we are optimistic about the rise of gold and silver price. The Federal Reserve's easing policy will also promote the continued significant rise of gold and silver price, so we are optimistic about the future of the gold and silver market and will continue to pay attention to the development of the core businesses of gold and silver.

With the adjustment of development strategy, the expansion of categories and further strategic cooperation with large-scale enterprises, the Group's Fresh Food Retail segment will gain better advantages in the supply chain. Meanwhile, for the fresh food S2B2C business, Nongmuren Meat Shopkeeper (農牧人肉掌櫃) stores will be operated in a refined manner. A complete digital system covering every aspect from pig farming to pork sales at community stores will be provided through S2B2C\F2B2C (farm to business to customer), each city will have an independent management system that encompasses store renovation, cash register system, electronic scales and other hardware and software facilities, laying a foundation for a more stable supply chain with price advantages of Nongmuren Meat Shopkeeper for the next year.

We will continue to pay attention to the trend of gold and silver prices, and seize the growth opportunity to intensify the development of the core businesses. The Group is confident that it will continue to bring good returns to shareholders in the future.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group for the year ended 31 December 2023 was approximately RMB500.5 million (2022: RMB1,790.3 million), representing a significant decrease of approximately 72.0% from that of 2022, this decline was attributed to the underperformance of Fresh Food Retail segment, as its “Nongmuren” S2B2C platform was still in a consolidation stage with a focus on optimizing its network of collaborative stores, diversifying its product offerings and adjusting its business strategies.

	2023		2022	
	Revenue <i>RMB'000</i>	% of revenue	Revenue <i>RMB'000</i>	% of revenue
<b>New Jewellery Retail Segment</b>				
<i>Online sales channels</i>	<u>358,471</u>	<u>71.6%</u>	<u>248,731</u>	<u>13.9%</u>
<i>Offline Retail and Service Network</i>				
CSmall Shops	<u>1,630</u>	<u>0.3%</u>	<u>853</u>	<u>0.1%</u>
Shenzhen Exhibition Hall	<u>50,357</u>	<u>10.1%</u>	<u>30,920</u>	<u>1.7%</u>
	<u>51,987</u>	<u>10.4%</u>	<u>31,773</u>	<u>1.8%</u>
<b>Fresh Food Retail Segment</b>	<u>90,074</u>	<u>18.0%</u>	<u>1,509,807</u>	<u>84.3%</u>
Total	<u><u>500,532</u></u>	<u><u>100.0%</u></u>	<u><u>1,790,311</u></u>	<u><u>100.0%</u></u>

## **New Jewellery Retail Segment**

### ***Online Sales Channels***

During the year, the online sales channels recorded sales of approximately RMB358.5 million (2022: RMB248.7 million), representing an increase of approximately 44.1%. The COVID-19 pandemic has significantly accelerated the growth and widespread adoption of online sales channels, particularly through short video marketing, e-commerce live streaming, and online celebrity (KOL) promotion. After implementing a series of online promotion campaigns, we have observed a significant rise in sales generated through third-party online sales channels.

### ***Offline Retail and Service Network***

During the year, the offline retail and service network recorded sales of approximately RMB52.0 million (2022: RMB31.8 million), representing an increase of approximately 63.6%, mainly due to increased contribution from the sales of gold products in Shenzhen Exhibition Hall as people perceive gold as a relatively stable and tangible asset that can retain its value in an uncertain economic environment.

## **Fresh Food Retail Segment**

During the year, the Fresh Food Retail segment recorded sales of approximately RMB90.1 million (2022: RMB1,509.8 million) representing a decrease of approximately 94.0%. The significant decrease was mainly because the “Nongmuren” S2B2C platform was still in a consolidation stage with a focus on optimizing its network of collaborative stores, diversifying its product offerings and adjusting its business strategies with the number of stores reduced. Besides, as hog prices in Mainland China showed a downward trend during the year, the overall trend in the hog farming industry indicated an excessive surplus in production capacity, which reduced the shopkeepers’ appetite for trade and thus amount of hog transacted during the year.

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

Cost of sales and services provided significantly decreased from approximately RMB1,737.9 million for the year ended 31 December 2022 to approximately RMB463.1 million for the year ended 31 December 2023, representing a significant decrease of approximately 73.4%, mainly due to the significant decrease in revenue contributed from the Fresh Food Retail segment and thus, the relevant costs also decreased significantly.

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

We recorded gross profit of approximately RMB37.4 million for the year ended 31 December 2023 (2022: RMB52.4 million), a decrease of approximately 28.6% as compared to that of 2022, mainly due to the reduced sales volume in the Fresh Food Retail segment. However, the overall gross profit margin increased from approximately 2.9% for the prior year to approximately 7.5% this year, mainly due to the increased contribution of sales from the New Jewellery Retail segment, which generally has a higher gross profit margin than the Fresh Food Retail segment.

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

Other income and other gains and losses mainly include bank interest income and net exchange losses respectively.

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased by approximately 21.8% from approximately RMB41.8 million for the year ended 31 December 2022 to approximately RMB32.7 million for the year ended 31 December 2023, mainly due to the decrease from the Fresh Food Retail segment which focused on optimizing its network of collaborative stores, diversifying its product offerings and adjusting its business strategies during the year, which led to less selling and distribution expenses.

## **Administrative Expenses**

Administrative expenses decreased by approximately 13.5% from approximately RMB36.9 million for the year ended 31 December 2022 to approximately RMB31.9 million for the year ended 31 December 2023, mainly benefiting from the successful implementation of cost control measures in the Fresh Food Retail segment following the abovementioned adjustment in the business strategies.

## **Income Tax Expense**

Income tax expense decreased from approximately RMB0.9 million for the year ended 31 December 2022 to approximately RMB0.3 million for the year ended 31 December 2023, mainly because the accrued PRC enterprise income tax for the current year was largely offset by deferred taxation adjustments, resulting in a very small amount of net income tax expense for the current year.

## **Loss Attributable to Owners of the Company**

For the year ended 31 December 2023, we recorded a loss attributable to owners of the Company of approximately RMB35.0 million (2022: RMB25.6 million). Such increase in loss was mainly attributable to the following factors:

- (i) in respect of the Group's New Jewellery Retail segment, although the sales volume for 2023 increased compared to 2022, the increase was mainly attributable to the growth in sales of gold products, which had a lower gross profit margin compared to other jewellery products, thereby lowering the overall gross profit margin of the segment and resulting in a segment loss for 2023; and
- (ii) in respect of the Group's Fresh Food Retail segment, the "Nongmuren" S2B2C platform was still in a consolidation stage with a focus on optimizing its network of collaborative stores, diversifying its product offerings and adjusting its business strategies. Besides, hog prices in Mainland China during 2023 were generally lower than those during 2022, which reduced shopkeepers' appetite for trade and thus the amount of hog transacted. For these reasons, the sales volume for 2023 was significantly lower than that for 2022, while the cost of sales and other related costs and expenses were also significantly reduced accordingly. Overall, given its status of development, the segment had not started to generate a net profit during 2023.

## **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 the year ended 31 December 2023, inventory turnover days were approximately 778.0 days (for the year ended 31 December 2022: 207.1 days). The increase was due to the increased proportion of sales from the New Jewellery Retail segment, which generally has a higher inventories turnover day than the Fresh Food Retail segment.

The turnover days for trade receivables for the year ended 31 December 2023 were approximately 28.4 days (for the year ended 31 December 2022: 4.5 days), the increase was mainly due to the increased proportion of trade receivable from the New Jewellery Retail segment which generally has a longer credit term for its customers than the Fresh Food Retail segment.

The turnover days for trade payables for the year ended 31 December 2023 were approximately 24.8 days (for the year ended 31 December 2022: 6.7 days). The increase was mainly due to increase in the trade payable of the New Jewellery Retail segment which has a longer repayment term to suppliers.

### **Bank Borrowings**

As of 31 December 2023, the Group's bank borrowings balance amounted to approximately RMB94.0 million (as of 31 December 2022: RMB84.1 million), of which approximately RMB14.0 million of bank borrowings was carried at fixed interest rate and approximately RMB80.0 million was carried at floating interest rate (as of 31 December 2022: RMB10.1 million was carried at fixed interest rate and RMB74.0 million was carried at floating 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 the bank borrowing less bank balances and cash as a percentage of total equity. As of 31 December 2023, the Group was in a net cash position with a net gearing ratio of approximately -24.4% (as of 31 December 2022: -28.4%).

### **Capital Expenditures**

For the year ended 31 December 2023, the Group invested approximately RMB1.4 million in property, plant and equipment (2022: RMB0.8 million).

### **Pledge of Assets**

As at 31 December 2023 and 2022, none of the Group's assets was pledged.

### **Capital Commitments**

As of 31 December 2023 and 2022, the Group did not incur any capital commitments.

## **Contingent Liabilities**

During the year, 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 RMB250.0 million to Jiangxi Longtianyong, a fellow subsidiary of the Group and a subsidiary of China Silver Group, to obtain a bank borrowing. If Jiangxi Longtianyong fails to repay the bank borrowing based on the borrowing terms in the borrowing agreement, Jiangxi Jiyin will become liable to compensate such bank accordingly (for the year ended 31 December 2022: RMB250.0 million).

## **Employees**

As of 31 December 2023, the Group employed 215 staff members (as of 31 December 2022: 280 staff members) and the total staff cost for the year ended 31 December 2023 amounted to approximately RMB29.0 million (2022: RMB31.5 million). The decrease was mainly due to the reduction of scale of the Fresh Food Retail segment in the current year. The Group’s remuneration packages are in line with the current laws in the relevant jurisdictions, the experience and qualifications of individual employees and the general market conditions. Bonuses are linked to the Group’s financial results as well as to individual performances. The Group ensures that adequate training and professional development opportunities are provided to all employees so as to satisfy their career development needs.

## **Liquidity and Financial Resources**

The Group maintained a healthy liquidity position during the year. The Group was principally financed by internal resources and bank borrowings. The Group’s principal financial instruments comprise bank balances and cash, trade and other receivables, trade and other payables as well as bank borrowings. As of 31 December 2023, the bank balances and cash, net current assets and total assets less current liabilities were approximately RMB419.5 million (as of 31 December 2022: RMB475.2 million), RMB1,294.6 million (as of 31 December 2022: RMB1,338.9 million) and RMB1,330.8 million (as of 31 December 2022: RMB1,379.2 million), respectively.

## **Dividend**

No final dividend for the year ended 31 December 2023 was proposed (2022: nil).

## **Significant Investment Held, Material Acquisition and Disposal**

The Group did not hold any significant investment nor carry out any significant acquisition and disposal of subsidiaries, associates and joint ventures during 2023, nor was there any plan for other significant investment or acquisition of capital assets in the future.

## **Significant Event after the Reporting Period**

There is no material subsequent event after the reporting period.

## **OTHERS**

### **Closure of Register of Members**

The register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the annual general meeting to be held on Friday, 14 June 2024, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 7 June 2024 for registration of transfer.

### **Code of Corporate Governance Practice**

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. As at the date of this announcement, 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 C1 (formerly Appendix 14) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Throughout the year ended 31 December 2023, the Company has 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 C3 (formerly 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 have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2023.

### **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 the year ended 31 December 2023.

### **Audit Committee**

The Audit Committee of the Company (the “**Audit Committee**”) has reviewed the financial reporting processes, risk management and internal control systems of the Group and discussed with the external auditor the audited consolidated financial statements for the year ended 31 December 2023. 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.

## **Scope of Work of Linksfield CPA Limited**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Linksfield CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 27 March 2024. The work performed by Linksfield CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Linksfield CPA Limited on this announcement.

## **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 Results Announcement and Annual Report**

This audited annual results announcement is published on the websites of the Company ([www.csmall.com](http://www.csmall.com)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2023 annual report of the Company will be dispatched to the shareholders of the Company who requested printed copies and made available on the same websites in due course.

By Order of the Board  
**CSMall Group Limited**  
**Chen He**  
*Chairman*

Hong Kong, 27 March 2024

*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*