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中國白銀集團  
CHINA SILVER GROUP

**CHINA SILVER GROUP LIMITED**

中國白銀集團有限公司

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

(Stock Code: 815)

金猫银猫 CSsmall  
买珠宝只选金猫银猫

**CSmall Group Limited**

金貓銀貓集團有限公司

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

(Stock Code: 1815)

## JOINT ANNOUNCEMENT

- (1) **ISSUE OF NEW SHARES BY CS SMALL UNDER SPECIFIC MANDATE:**
  - (A) **ISSUANCE OF NEW SHARES TO PARTICIPANTS OF NEW EMPLOYEE SHARE SCHEME**
  - (B) **SUBSCRIPTION BY A STRATEGIC INVESTOR, MR. YAO RUNXIONG**
- (2) **APPLICATION FOR WHITEWASH WAIVER BY CHINA SILVER AND ITS CONCERT PARTIES IN RESPECT OF CS SMALL SHARES**
- (3) **DISCLOSEABLE TRANSACTION OF CHINA SILVER IN RELATION TO DEEMED DISPOSAL OF APPROXIMATELY 7.07% INTEREST IN CS SMALL**

### THE ISSUANCES

The China Silver Board and the CSsmall Board are pleased to jointly announce that on 6 May 2019 (after trading hours), the following transactions took place:

- (i) **New Employee Share Scheme.** CSsmall has entered into the Employee Subscription Agreement and the Employee Trust Deed with Ascend Delight and Ms. Xue, pursuant to which CSsmall agreed to allot and issue 84,287,040 new Shares to Ascend Delight (an investment holding vehicle wholly-owned by Ms. Xue), and Ms. Xue agreed to act as the trustee to hold such new Shares on trust for the benefit of 40 New Scheme Participants under the New Employee Share Scheme, whose respective entitlements to Shares are set out in the Employee Trust Deed, subject to the respective terms and conditions therein. Pursuant to the Employee Trust Deed, so long as Ascend Delight is the registered Shareholder of the Employee Shares, Ms. Xue shall exercise the voting rights attached to the Employee Shares in accordance with the Voting Arrangement.

(ii) **Strategic Investment.** CSMall has entered into the Strategic Investor Subscription Agreement with Mr. Yao, pursuant to which CSMall agreed to allot and issue, and Mr. Yao agreed to subscribe for, 100,000,000 new Shares at the subscription price of HK\$1.50 per Share for the total consideration of HK\$150,000,000 in cash, subject to the terms and conditions therein.

#### **TAKEOVERS CODE IMPLICATIONS**

As at the date of this joint announcement, China Silver and Chairman Chen together hold 510,479,569 Shares, representing approximately 48.45% of the total issued share capital of CSMall.

Ms. Xue, China Silver and Chairman Chen will, as a result of the Voting Arrangement, become parties acting in concert and immediately after the Employee Issuance, the Concert Group will hold approximately 52.27% of the total issued share capital of CSMall. Therefore, the Employee Issuance has the effect of increasing their collective shareholding of voting rights of CSMall by more than 2%. Accordingly, in the absence of the Whitewash Waiver, the Concert Group would incur an obligation pursuant Rule 26 of the Takeovers Code to make a mandatory general offer to the Shareholders to acquire all the Shares (other than those already owned or agreed to be acquired by the Concert Group). An application will be made by the Concert Group to the Executive for the grant of the Whitewash Waiver pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code in respect of the Issuances.

The Whitewash Waiver, if granted by the Executive, will be subject to the condition that respective resolutions relating to the Whitewash Waiver and the Issuances being approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent Shareholders by way of poll at the EGM. **In the event that the Whitewash Waiver is not granted by the Executive or, if granted, is not approved by the Independent Shareholders, the Concert Group and CSMall do not intend to proceed with the Issuances even if either or both of the Issuances is/are approved by the Independent Shareholders.**

## **LISTING RULES IMPLICATIONS**

### **China Silver: Deemed Disposal of part of its interest in CSMall**

Immediately after completion of the Issuances, the percentage shareholding of China Silver in CSMall will be diluted from approximately 47.46% to approximately 40.39%, which constitutes a Deemed Disposal of part of China Silver's interest in CSMall. Since at least one of the Applicable Percentage Ratios is 5% or more but all of the Applicable Percentage Ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of China Silver and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Following completion of the Issuances, the Concert Group will together control approximately 48.05% of the voting rights of CSMall. China Silver's management, after discussion with its reporting accountants, has confirmed that China Silver may continue to account for CSMall as its subsidiary following completion of the Issuances.

### **CSMall: Issue of new Shares under the Specific Mandate**

The Issuances will be conducted under the Specific Mandate, and are therefore subject to approval by the Independent Shareholders at the EGM.

Application will be made by CSMall to the Stock Exchange for the listing of, and permission to deal in, the Strategic Investor Shares and the Employee Shares.

### **WARNING**

**The Issuances are subject to the satisfaction (or, where applicable, waiver) of certain conditions precedent set forth in the sections headed "The Strategic Investor Subscription Agreement — Conditions precedent" and "The Employee Subscription Agreement — Conditions precedent" of this joint announcement, in particular the grant of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders. As such, the Issuances may or may not proceed.**

**Shareholders and potential investors of China Silver and CSMall are advised to exercise caution when dealing in the securities of China Silver and CSMall, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## INTRODUCTION

The China Silver Board and the CSMall Board are pleased to jointly announce that on 6 May 2019 (after trading hours), the following transactions took place:

- (i) **New Employee Share Scheme.** CSMall has entered into the Employee Subscription Agreement and the Employee Trust Deed with Ascend Delight and Ms. Xue, pursuant to which CSMall agreed to allot and issue 84,287,040 new Shares to Ascend Delight (an investment holding vehicle wholly-owned by Ms. Xue), and Ms. Xue agreed to act as the trustee to hold such new Shares on trust for the benefit of 40 New Scheme Participants under the New Employee Share Scheme, whose respective entitlements to Shares are set out in the Employee Trust Deed, subject to the respective terms and conditions therein. Pursuant to the Employee Trust Deed, so long as Ascend Delight is the registered Shareholder of the Employee Shares, Ms. Xue shall exercise the voting rights attached to the Employee Shares in accordance with the Voting Arrangement.
- (ii) **Strategic Investment.** CSMall has entered into the Strategic Investor Subscription Agreement with Mr. Yao, pursuant to which CSMall agreed to allot and issue, and Mr. Yao agreed to subscribe for, 100,000,000 new Shares at the subscription price of HK\$1.50 per Share for the total consideration of HK\$150,000,000 in cash, subject to the terms and conditions therein.

The principal terms of the Employee Subscription Agreement, the Employee Trust Deed and the Strategic Investor Subscription Agreement are set forth below.

## THE EMPLOYEE SUBSCRIPTION AGREEMENT

### Date

6 May 2019 (after trading hours)

### Parties

- (i) CSMall (as the issuer)
- (ii) Ascend Delight (as the subscriber)
- (iii) Ms. Xue (as the guarantor)

### The Employee Issuance

Pursuant to the Employee Subscription Agreement, CSMall agreed to allot and issue, and Ascend Delight agreed to subscribe for the Employee Shares, being 84,287,040 new Shares, representing 8% of the existing issued share capital of CSMall and approximately 6.81% of the issued share capital of CSMall as enlarged by the Issuances.

The Employee Shares shall rank equally in all respects with the Shares then in issue on the date of allotment and issue of the Employee Shares.

### **Consideration**

The subscription price of the Employee Shares is HK\$0.85 per Share, which was determined with reference to, and is equivalent to, the closing price of the Shares as quoted on the Stock Exchange on the date of the Employee Subscription Agreement. The total consideration for the Employee Issuance is HK\$71,643,984. It is expected that CSMall will fund the subscription of the Employee Shares.

### **Conditions precedent**

Completion of the Employee Issuance is conditional upon the following conditions precedent being satisfied:

- (a) the passing of all such resolutions to effect the Employee Issuance as are required under the Listing Rules and the Takeovers Code by the Independent Shareholders at the EGM, including but not limited to the approval of (i) the execution, delivery and performance of the Employee Subscription Agreement and the transactions contemplated thereunder; (ii) the grant of the Specific Mandate in respect of the Employee Issuance; and (iii) the Whitewash Waiver;
- (b) the Executive having granted the Whitewash Waiver, all necessary conditions attached to the Whitewash Waiver (if any) having been satisfied, and the Whitewash Waiver not having been withdrawn; and
- (c) the Listing Committee of the Stock Exchange having granted its approval for the listing of, and permission to deal in, the Employee Shares, and such approval and permission not having been withdrawn prior to the commencement of trading of the Employee Shares on the Main Board of the Stock Exchange.

Completion of the Employee Issuance is not inter-conditional upon completion of the Strategic Investor Issuance.

### **Completion**

Completion of the Employee Issuance shall take place on a date falling no later than five Business Days after the satisfaction of the conditions precedent set forth in the sub-section headed “Conditions precedent” above, or such other date and time as may be agreed between CSMall and Ms. Xue.

On the date of completion, CSMall shall allot and issue the Employee Shares to Ascend Delight, and Ascend Delight shall cause the Employee Shares to become part of the trust property under the trust constituted by the Employee Trust Deed.

### **Termination**

The Employee Subscription Agreement may be terminated in the following manner:

- (a) if the conditions precedent set forth in the sub-section headed “Conditions precedent” above have not been satisfied by 31 August 2019, or such later date as may be agreed between CSMall and Ms. Xue; or
- (b) by CSMall, Ascend Delight and Ms. Xue, upon their mutual agreement.

### **Lock-up period**

In the Employee Lock-Up Period, being the period of six months commencing on the date of issue of the Employee Shares, (i) Ascend Delight shall not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Employee Shares; and (ii) Ms. Xue shall procure Ascend Delight to comply with the above restriction, and shall ignore any instruction from any of the New Scheme Participants to dispose of any of his/her portion of Employee Shares entitled under the Employee Trust Deed.

## **THE EMPLOYEE TRUST DEED**

### **Date**

6 May 2019 (after trading hours)

### **Parties**

- (i) Ascend Delight (as the settlor)
- (ii) Ms. Xue (as the trustee)
- (iii) CSMall

### **Beneficiaries**

The beneficiaries under the trust constituted by the Employee Trust Deed are the New Scheme Participants, being 40 current employees of CSMall, none of whom is an existing Shareholder, a CSMall Director, a China Silver Director or an Existing Scheme Participant. Ms. Xue is neither a New Scheme Participant, a CSMall Director, a China Silver Director nor a director of any subsidiary of CSMall or China Silver.

The entitlements of the 40 New Scheme Participants to their respective portions of the Employee Shares have been determined and are set out in the Employee Trust Deed. Moreover, the beneficiaries under the trust constituted by the Employee Trust Deed are restricted to the 40 New Scheme Participants. Accordingly, the New Scheme Participants are the beneficial owners of the Employee Shares and there is no mechanism for the Employee Shares to be forfeited once they are issued. As such, Ms. Xue is not expected to hold any unallocated Shares in excess.

### **Trustee's power**

Ms. Xue shall hold the relevant Shares and other cash and non-cash income on trust exclusively for all the New Scheme Participants and shall dispose of a New Scheme Participant's Shares or otherwise deal with any of those Shares or any rights conferred on that New Scheme Participant only in accordance with directions given by or on behalf of that New Scheme Participant.

Subject to the lock-up restriction set forth in the section headed "The Employee Subscription Agreement — Lock-up period" above:

- (a) if a New Scheme Participant intends to hold the Shares he/she is entitled to directly or through his/her nominee, he/she shall notify Ms. Xue and to the extent permitted by applicable laws, Ms. Xue shall transfer to such New Scheme Participant such Shares as so directed; and
- (b) if a New Scheme Participant wants to monetize the Shares to which he/she is entitled, he/she shall notify Ms. Xue and to the extent permitted by applicable laws, Ms. Xue shall sell such number of Shares as the New Scheme Participant has directed Ms. Xue to sell and pay the net disposal proceeds to such New Scheme Participant or such other person as so directed.

### **Funding for subscription of Shares**

The subscription or acquisition of Shares will be funded by CSMall. In particular, the subscription of the Employee Shares pursuant to the Employee Subscription Agreement will be funded by CSMall.

### **Voting in respect of Shares**

So long as the Employee Shares are held by Ascend Delight as the registered Shareholder and Ms. Xue holds such Employee Shares on trust for the New Scheme Participants, Ms. Xue shall have absolute discretion in the exercise of the voting rights attached to such Employee Shares held by her on trust for the New Scheme Participants from time to time. Ms. Xue has agreed that so long as the Employee

Shares are held by Ascend Delight as the registered Shareholder and she holds such Employee Shares on trust for the New Scheme Participants, she will agree to the Voting Arrangement, whereby she will exercise the voting rights attached to the Employee Shares in the same manner as China Silver.

Other than the aforementioned, there are no other circumstances whereby Ms. Xue's exercise of the voting rights attached to the Employee Shares held by Ascend Delight as the registered Shareholder on trust for the New Scheme Participants is restricted.

Following expiry of the Employee Lock-Up Period, in the event any New Scheme Participant directs Ms. Xue and Ascend Delight (i) that he/she wishes to hold the Shares he/she is entitled to directly or through his/her nominee and Ms. Xue and Ascend Delight act on such directions and transfer the relevant Shares to such New Scheme Participant; or (ii) to monetize the Shares to which he/she is entitled and Ms. Xue and Ascend Delight sell such number of Shares as the New Scheme Participant has directed, then Ms. Xue will no longer be able to direct the exercise of the voting rights attached to such Shares concerned.

China Silver is aware of the implications of the aforesaid transfer or sale of Shares which may happen following expiry of the Employee Lock-Up Period on its continued treatment of CSMall as its subsidiary (as detailed in the section headed "Listing Rules implications and financial impacts of the Issuances — China Silver — Continued treatment of CSMall as a subsidiary of China Silver" below). China Silver will monitor the situation closely and, as and when necessary, discuss with its reporting accountants and make such announcements and disclosures as required by the relevant laws, rules and regulations.

## **THE STRATEGIC INVESTOR SUBSCRIPTION AGREEMENT**

### **Date**

6 May 2019 (after trading hours)

### **Parties**

(i) CSMall (as the issuer)

(ii) Mr. Yao (as the subscriber)

## **The Strategic Investor Issuance**

Pursuant to the Strategic Investor Subscription Agreement, CSMall agreed to allot and issue, and Mr. Yao agreed to subscribe for the Strategic Investor Shares, being 100,000,000 new Shares, representing approximately 9.49% of the existing issued share capital of CSMall and approximately 8.08% of the issued share capital of CSMall as enlarged by the Issuances.

The Strategic Investor Shares shall rank equally in all respects with the Shares then in issue on the date of allotment and issue of the Strategic Investor Shares.

### **Consideration**

The subscription price of the Strategic Investor Shares is HK\$1.50 per Share, which represents a premium of approximately 76.47% over the closing price of HK\$0.85 per Share as quoted on the Stock Exchange on the date of the Strategic Investor Subscription Agreement. The total consideration for the Strategic Investor Issuance payable by Mr. Yao is HK\$150,000,000.

The subscription price was determined after arm's length negotiations between CSMall and Mr. Yao after taking into account, among other factors, (i) the current and historical market prices of the Shares since the Global Offering; (ii) the historical financial performance of CSMall; (iii) the business prospects of CSMall; (iv) the current market conditions of the jewellery wholesale and retail sector in the PRC; and (v) the potential strategic collaboration between CSMall and Mr. Yao and/or King Tai Fook (as explained in the section headed "Reasons for the Issuances and use of proceeds — The Strategic Investor Issuance" below).

### **Conditions precedent**

Completion of the Strategic Investor Issuance is conditional upon the following conditions precedent being satisfied (or, in the case of paragraph (d) below only, waived by CSMall):

- (a) the passing of all such resolutions to effect the Strategic Investor Issuance as are required under the Listing Rules and the Takeovers Code by the Independent Shareholders at the EGM, including but not limited to the approval of (i) the execution, delivery and performance of the Strategic Investor Subscription Agreement and the transactions contemplated thereunder; (ii) the grant of the Specific Mandate in respect of the Strategic Investor Issuance; and (iii) the Whitewash Waiver;

- (b) the Executive having granted the Whitewash Waiver, all necessary conditions attached to the Whitewash Waiver (if any) having been satisfied, and the Whitewash Waiver not having been withdrawn;
- (c) the Listing Committee of the Stock Exchange having granted its approval for the listing of, and permission to deal in, the Strategic Investor Shares, and such approval and permission not having been withdrawn prior to the commencement of trading of the Strategic Investor Shares on the Main Board of the Stock Exchange;
- (d) the representations, warranties, undertakings, confirmations and admissions made by Mr. Yao under the Strategic Investor Subscription Agreement being true and accurate and not misleading as at the date of the Strategic Investor Subscription Agreement and the date of completion of the Strategic Investor Issuance, and Mr. Yao not having breached the Strategic Investor Subscription Agreement; and
- (e) the transactions contemplated under the Strategic Investor Subscription Agreement not being prohibited by any laws or regulations or interpretations thereof in Hong Kong, the Cayman Islands or any other jurisdictions applicable to CSMall.

Completion of the Strategic Investor Issuance is not inter-conditional upon completion of the Employee Issuance.

### **Completion**

Completion of the Strategic Investor Issuance shall take place on a date falling no later than 60 Business Days after the satisfaction (or, where applicable, waiver) of the conditions precedent set forth in the sub-section headed “Conditions precedent” above, or such other date and time as may be agreed between CSMall and Mr. Yao. CSMall and Mr. Yao have agreed that completion of the Strategic Investor Issuance may take place in installments until 31 August 2019.

At each completion installment, Mr. Yao shall indicate to CSMall the consideration it will pay at such installment. Mr. Yao shall pay such consideration to a bank account designated by CSMall and CSMall shall allot and issue such number of Shares corresponding to the consideration paid by Mr. Yao.

## **Termination**

The Strategic Investor Subscription Agreement may be terminated in the following manner:

- (a) if the conditions precedent set forth in the sub-section headed “Conditions precedent” above have not been satisfied (or, where applicable, waived) by 31 August 2019, or such later date as may be agreed between CSMall and Mr. Yao;
- (b) by CSMall, if Mr. Yao is in serious breach of the Strategic Investor Subscription Agreement or if any representation, warranty or undertaking made by Mr. Yao thereunder is untrue or inaccurate in any respect; or
- (c) by CSMall and Mr. Yao, upon their mutual agreement.

## **Lock-up period**

In the period of six months commencing on the date of issue of the Strategic Investor Shares, Mr. Yao shall not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Strategic Investor Shares.

## **REASONS FOR THE ISSUANCES AND USE OF PROCEEDS**

### **The Employee Issuance and the New Employee Share Scheme**

The Global Offering of CSMall and its listing on the Stock Exchange in 2018 was a milestone for CSMall and its employees. The CSMall Directors believe that the Existing Employee Share Scheme, which was first adopted in 2016, has played a pivotal role in incentivizing employees to contribute to the success of CSMall over the last few years, including its successful Global Offering.

The management of CSMall believe that it is important that such benefit be extended to other employees of CSMall to demonstrate its appreciation for their efforts and also to provide necessary incentives to align their interests with those of CSMall. Accordingly, the New Employee Share Scheme is expected to align the interests of the New Scheme Participants more closely with the interests of CSMall and the Existing Scheme Participants, to motivate them to bring CSMall to new heights once again, and to foster the collegiality and camaraderie among CSMall’s employees. In light of these expected effects, the CSMall Directors believe that the benefits brought about by the Employee Issuance in terms of talent incentivization and retention will outweigh the financial costs described in the section headed “Listing Rules implications and financial impacts of the Issuances — CSMall — Financial impact of the Employee Issuance” below.

Based on the above, the CSMall Directors (other than the CSMall INEDs pending the advice of the Independent Financial Adviser) consider that the terms of the Employee Subscription Agreement and the Employee Trust Deed are fair and reasonable and that the Employee Issuance is in the interest of the Shareholders as a whole.

Further, based on China Silver's continued treatment of CSMall as its subsidiary (as detailed in the section headed "Listing Rules implications and financial impacts of the Issuances — China Silver — Continued treatment of CSMall as a subsidiary of China Silver" below) and its vision to become a leading fully-integrated silver and precious metals enterprise in the PRC, the China Silver Directors also consider that the terms of the Employee Subscription Agreement and the Employee Trust Deed are fair and reasonable and that the Employee Issuance is in the interest of the shareholders of China Silver as a whole.

### **The Strategic Investor Issuance**

Mr. Yao is the founder and chairman of King Tai Fook, which is a business partner of CSMall and which purchases silver jewellery products from CSMall. Other than such business relationship, Mr. Yao has no other relationships with CSMall. Mr. Yao has no relationship with China Silver, Chairman Chen, Ms. Xue, the New Employee Share Scheme or the New Scheme Participants. Further information on Mr. Yao and King Tai Fook is set forth in the section headed "Information on various parties to the Issuances — Mr. Yao" below.

In order to promote the rapid development of CSMall's integrated online and offline new retail platform, the CSMall Directors believe that the introduction of Mr. Yao as a strategic Shareholder will give impetus to the all-round strategic collaboration between King Tai Fook and CSMall. Building on the strength of CSMall's integrated online and offline new retail platform, the CSMall Directors wish to leverage King Tai Fook's powerful offline sales network and abundant industry resources to consolidate CSMall's industry resources in the gold, silver and jewellery sector and at the same time strengthen the coverage of CSMall's offline service network. The strategic collaboration between CSMall and Mr. Yao and/or King Tai Fook is expected to be mutually complementary and to generate significant synergies.

CSMall intends to utilize the net proceeds received from the Strategic Investor Issuance after deducting relevant expenses, being approximately HK\$149 million (representing a net issue price of approximately HK\$1.49 per Share), to further develop its offline sales and service network, thereby further expanding and optimizing its integrated online and offline retail structure.

Based on the above, the CSMAI Directors (other than the CSMAI INEDs pending the advice of the Independent Financial Adviser) consider that the terms of the Strategic Investor Subscription Agreement are fair and reasonable and that the Strategic Investor Issuance is in the interest of the Shareholders as a whole.

Further, based on China Silver’s continued treatment of CSMAI as its subsidiary (as detailed in the section headed “Listing Rules implications and financial impacts of the Issuances — China Silver — Continued treatment of CSMAI as a subsidiary of China Silver” below) and its vision to become a leading fully-integrated silver and precious metals enterprise in the PRC, the China Silver Directors also consider that the terms of the Strategic Investor Subscription Agreement are fair and reasonable and that the Strategic Investor Issuance is in the interest of the shareholders of China Silver as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE OF CSMAI

For reasons set forth in the section headed “Listing Rules implications and financial impacts of the Issuances — China Silver — Continued treatment of CSMAI as a subsidiary of China Silver” below, it is expected that completion of the Employee Issuance will take place no later than completion of the Strategic Investor Issuance. For illustration purposes, the following table sets out the shareholding structure of CSMAI (i) as at the date of this joint announcement; (ii) immediately after completion of the Employee Issuance but before completion of the Strategic Investor Issuance; and (iii) immediately after completion of both the Employee Issuance and the Strategic Investor Issuance, in each case assuming that no other Shares are issued or repurchased in the interim:

	(i) As at the date of this joint announcement		(ii) Immediately after completion of the Employee Issuance but before completion of the Strategic Investor Issuance		(iii) Immediately after completion of both the Employee Issuance and the Strategic Investor Issuance	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Controlling Shareholder</i>						
China Silver	500,000,033	47.46%	500,000,033	43.94%	500,000,033	40.39%
<i>China Silver Director</i>						
Chairman Chen <sup>(1)</sup> , partly in his own name and partly through Rich Union Enterprises Limited <sup>(2)</sup>	10,479,536	0.99%	10,479,536	0.92%	10,479,536	0.85%
<i>Trustee in respect of the New Employee Share Scheme</i>						
Ms. Xue, through Ascend Delight <sup>(3)</sup> (holding the Shares for the benefit of 40 New Scheme Participants)	—	—	84,287,040	7.41%	84,287,040	6.81%
<b>Concert Group subtotal</b>	<b>510,479,569</b>	<b>48.45%</b>	<b>594,766,609</b>	<b>52.27%</b>	<b>594,766,609</b>	<b>48.05%</b>

	(i) As at the date of this joint announcement		(ii) Immediately after completion of the Employee Issuance but before completion of the Strategic Investor Issuance		(iii) Immediately after completion of both the Employee Issuance and the Strategic Investor Issuance	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>CSmall Directors</i>						
Mr. CHEN He (陳和) <sup>(1)</sup> , through Silver Apex Holdings Limited <sup>(3)</sup>	21,250,000	2.02%	21,250,000	1.87%	21,250,000	1.72%
Mr. QIAN Pengcheng (錢鵬程), through Treasure Delight International Limited <sup>(3)</sup>	14,500,000	1.38%	14,500,000	1.27%	14,500,000	1.17%
Mr. ZHANG Jinpeng (張金鵬), through Diamond Port Holdings Limited <sup>(3)</sup>	12,500,000	1.19%	12,500,000	1.10%	12,500,000	1.01%
<i>Trustee in respect of the Existing Employee Share Scheme<sup>(4)</sup></i>						
Mr. LIN Ting (林挺), through Blaze Loop Limited <sup>(3)</sup> (holding the Shares for the benefit of himself)	14,500,000	1.38%	14,500,000	1.27%	14,500,000	1.17%
Mr. LIN Ting (林挺), through Blaze Loop Limited <sup>(3)</sup> (holding the Shares for the benefit of other 57 Existing Scheme Participants)	151,525,000	14.38%	151,525,000	13.32%	151,525,000	12.24%
<i>Strategic investor</i>						
Mr. Yao	—	—	—	—	100,000,000	8.08%
<i>Others</i>						
Other public Shareholders	328,833,431	31.21%	328,833,431	28.90%	328,833,431	26.56%
	<u>543,108,431</u>	<u>51.55%</u>	<u>543,108,431</u>	<u>47.73%</u>	<u>643,108,431</u>	<u>51.95%</u>
<b>Total</b>	<b><u>1,053,588,000</u></b>	<b><u>100%</u></b>	<b><u>1,137,875,040</u></b>	<b><u>100%</u></b>	<b><u>1,237,875,040</u></b>	<b><u>100%</u></b>

*Notes:*

- (1) Mr. CHEN He (陳和) is the nephew of Chairman Chen.
- (2) Among the 10,479,536 Shares owned by Chairmen Chen, 17,500 Shares are held in his own name, and 10,462,036 Shares are held through his wholly-owned investment holding vehicle Rich Union Enterprises Limited.
- (3) Each of these named companies is a wholly-owned investment holding vehicle of the relevant individual.
- (4) As stated on page 88 of the Prospectus, Mr. LIN Ting (林挺) as trustee shall seek irrevocable directions from each Existing Scheme Participant regarding the exercise of voting rights attached to his/her interest in the Shares and shall comply with such directions, provided that if he does not receive an Existing Scheme Participant's directions by any deadline specified in writing, he shall abstain from voting that Existing Scheme Participant's interest in the Shares.

## **LISTING RULES IMPLICATIONS AND FINANCIAL IMPACTS OF THE ISSUANCES**

### **China Silver**

#### ***Deemed Disposal of part of its interest in CSMall***

Immediately after completion of the Issuances, the percentage shareholding of China Silver in CSMall will be diluted from approximately 47.46% to approximately 40.39%, which constitutes a Deemed Disposal of part of China Silver's interest in CSMall under Rule 14.29 of the Listing Rules. As explained in the sub-section headed "Continued treatment of CSMall as a subsidiary of China Silver" below, CSMall will remain a subsidiary of China Silver following completion of the Issuances. Therefore, the Applicable Percentage Ratios will be calculated in accordance with Rule 14.30 of the Listing Rules on the basis of an approximately 7.07% reduction of China Silver's interest in CSMall.

Since at least one of the Applicable Percentage Ratios is 5% or more but all of the Applicable Percentage Ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of China Silver and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **Continued treatment of CSMall as a subsidiary of China Silver**

Reference is made to note 14 to China Silver's condensed consolidated financial statements for the six months ended 30 June 2018 on page 62 of China Silver's 2018 Interim Report published on 27 September 2018 and note 42(iv) to China Silver's consolidated financial statements for the year ended 31 December 2018 on pages 141 to 142 of China Silver's 2018 Annual Report published on 29 April 2019, where China Silver's reporting accountants expressed that China Silver did not lose control over CSMall following the Global Offering.

Following completion of the Issuances, the Concert Group will together control approximately 48.05% of the voting rights of CSMall. So long as completion of the Employee Issuance takes place no later than completion of the Strategic Investor Issuance, the Concert Group's percentage control of the voting rights of CSMall will not fall below approximately 48.05% at any point in time. In light of the arrangements described in the section headed "The Employee Trust Deed — Voting in respect of Shares" above, China Silver's management, after discussion with its reporting accountants, has confirmed that China Silver may continue to account for CSMall as its subsidiary following completion of the Issuances.

### ***Financial impact of the Deemed Disposal***

Since CSMall will remain a subsidiary of China Silver, CSMall's financial results, assets, liabilities and cash flows will continue to be consolidated in China Silver's consolidated financial statements in accordance with the International Financial Reporting Standards. As the Deemed Disposal will not result in China Silver's loss of control over CSMall, the Deemed Disposal will be accounted for as an equity transaction and will not in itself result in the recognition of any gain or loss in China Silver's consolidated statement of profit or loss and other comprehensive income, except for the impact described in the sub-section headed "CSMall — Financial impact of the Employee Issuance" below which is also expected to impact China Silver.

### **CSMall**

#### ***Issue of new Shares under the Specific Mandate***

The Issuances will be conducted under the Specific Mandate, and are therefore subject to approval by the Independent Shareholders at the EGM.

There has not been any equity fundraising activity conducted by CSMall in the past 12 months immediately preceding the date of this joint announcement.

CSMall has not bought back any Shares within the last six months prior to the date of this joint announcement.

Application will be made by CSMall to the Stock Exchange for the listing of, and permission to deal in, the Strategic Investor Shares and the Employee Shares.

#### ***Financial impact of the Employee Issuance***

As stated in the section headed "The Employee Subscription Agreement — Consideration" above, it is expected that CSMall will fund the subscription of the Employee Shares. Given that each New Scheme Participant's entitlement to his/her portion of Employee Shares has been determined, it is expected that the fair value of the Employee Shares (with reference to, among other things, the market price of the Shares and the Employee Lock-Up Period) will be recorded by CSMall as "share-based payment expenses" on or around the date of the EGM, assuming that all necessary resolutions for the Employee Issuance are duly passed at the EGM.

## TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

### Application for the Whitewash Waiver

As at the date of this joint announcement, China Silver and Chairman Chen together hold 510,479,569 Shares, representing approximately 48.45% of the total issued share capital of CSMall.

Ms. Xue, China Silver and Chairman Chen will, as a result of the Voting Arrangement, become parties acting in concert and immediately after the Employee Issuance, the Concert Group will hold approximately 52.27% of the total issued share capital of CSMall. Therefore, the Employee Issuance has the effect of increasing their collective shareholding of voting rights of CSMall by more than 2%. Accordingly, in the absence of the Whitewash Waiver, the Concert Group would incur an obligation pursuant Rule 26 of the Takeovers Code to make a mandatory general offer to the Shareholders to acquire all the Shares (other than those already owned or agreed to be acquired by the Concert Group). An application will be made by the Concert Group to the Executive for the grant of the Whitewash Waiver pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code in respect of the Issuances.

The Whitewash Waiver, if granted by the Executive, will be subject to the condition that respective resolutions relating to the Whitewash Waiver and the Issuances being approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent Shareholders by way of poll at the EGM. **In the event that the Whitewash Waiver is not granted by the Executive or, if granted, is not approved by the Independent Shareholders, the Concert Group and CSMall do not intend to proceed with the Issuances even if either or both of the Issuances is/are approved by the Independent Shareholders.**

As at the date of this joint announcement, CSMall does not believe that the Issuances, the Whitewash Waiver and/or the Deemed Disposal give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, CSMall will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular as detailed in the section headed “Despatch of circular by CSMall” below. CSMall notes that the Executive may not grant the Whitewash Waiver if the Issuances, the Whitewash Waiver and/or the Deemed Disposal do not comply with other applicable rules and regulations.

Furthermore, CSMall notes that the Whitewash Waiver will not be granted or, if granted, will be invalidated if, without the prior consent of the Executive, any acquisitions or disposals of voting rights in CSMall are made by any member of the Concert Group in the period between the date of this joint announcement and the date of completion of the Issuances.

As at the date of this joint announcement, in connection with the Issuances:

- (a) other than the consideration paid for the Issuances, there is no other consideration, compensation or benefit in whatever form paid or to be paid (i) by the Concert Group to any other Shareholder and/or any party acting in concert with it; or (ii) by CSMall and/or any party acting in concert with it to any Shareholder and/or any party acting in concert with it;
- (b) there is no other understanding, arrangement, agreement or special deal between any Shareholder and/or any party acting in concert with it on the one hand, and CSMall and/or any party acting in concert with it on the other hand; and
- (c) there is no understanding, arrangement or agreement or special deal between any Shareholder and/or any party acting in concert with it on the one hand, and the Concert Group on the other hand.

### **Formation of the Independent Board Committee**

Pursuant to the Takeovers Code, the Independent Board Committee (comprising all the CSMall INEDs) has been formed to advise the Independent Shareholders as to whether the Issuances, the Specific Mandate and the Whitewash Waiver are fair and reasonable, and to make recommendations on voting.

### **Appointment of the Independent Financial Adviser**

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the Issuances, the Specific Mandate and the Whitewash Waiver are fair and reasonable, and to make recommendations on voting. An announcement will be published by CSMall upon the appointment of the Independent Financial Adviser.

## **Information required under the Takeovers Code**

Save as disclosed in this joint announcement, as at the date of this joint announcement, no member of the Concert Group:

- (a) has acquired or entered into any agreement or arrangement to acquire any voting rights in CSMall within the six months prior to the date of this joint announcement up to and including the date of this joint announcement;
- (b) owns, controls or has direction over any Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares, or has entered into any outstanding derivative in respect of securities in CSMall;
- (c) has any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of China Silver or CSMall and which might be material to the Issuances and/or the Whitewash Waiver;
- (d) has any arrangement with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of CSMall and which might be material to the Issuances;
- (e) has any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CSMall which it has borrowed or lent;
- (f) has entered into any agreement or arrangement to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Issuances; and
- (g) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolutions approving the Issuances, the Specific Mandate and/or the Whitewash Waiver at the EGM.

## **THE EGM OF CSMALL**

An EGM will be convened and held by CSMall for the Independent Shareholders to consider and, if thought fit, approve the Issuances, the Specific Mandate and the Whitewash Waiver.

Members of the Concert Group and their respective associates, as well as any other Shareholder who is involved or interested in the transactions contemplated under the Strategic Investor Subscription Agreement, the Employee Subscription Agreement, the Issuances, the Specific Mandate and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolutions to approve the Issuances, the Specific Mandate and the Whitewash Waiver at the EGM.

## **DESPATCH OF CIRCULAR BY CSMALL**

A circular containing, among other things, (i) further details of the Strategic Investor Subscription Agreement, the Employee Subscription Agreement, the Issuances, the Specific Mandate and the Whitewash Waiver; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Issuances, the Specific Mandate and the Whitewash Waiver; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Issuances, the Specific Mandate and the Whitewash Waiver; and (iv) the notice of the EGM and form of proxy, is required to be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules and within 21 days from the date of this joint announcement in compliance with Rule 8.2 of the Takeovers Code.

## **INFORMATION ON VARIOUS PARTIES TO THE ISSUANCES**

### **Ms. Xue and Ascend Delight**

Ms. Xue joined CSMall in 2013 and is currently a sale manager at CSMall. Ascend Delight is an investment holding vehicle wholly-owned by Ms. Xue.

To the best of the CSMall Directors' and the China Silver Directors' knowledge, information and belief having made all reasonable enquiry, other than the Voting Arrangement and being an employee of CSMall, each of Ms. Xue and Ascend Delight has no other relationships with CSMall, the Concert Group and their respective connected persons.

### **Mr. Yao**

Mr. Yao is an entrepreneur based in the PRC and is the founder and chairman of King Tai Fook. He is also an executive director of Kingbo Strike Limited (工蓋有限公司), a company engaged in the businesses of solar power station projects, electrical engineering services as well as consumer products and accessories trading, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1421).

Founded in 1997 and headquartered in Shenzhen, King Tai Fook is an integrated PRC-based jewellery enterprise specialized in the manufacture, processing, wholesale, retail as well as import and export of gold, karat gold, platinum, diamonds, jade and other jewellery accessories.

To the best of the CSMall Directors' and the China Silver Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Yao is a third party independent of CSMall, the Concert Group and their respective connected persons.

### **CSMall and China Silver**

CSMall is a leading integrated online and offline Internet-based jewellery retailer in the PRC, primarily engaged in the design and sale of gold, silver and jewellery products. Please refer to CSMall's 2018 Annual Report published on 29 April 2019 for the latest available financial information of CSMall (including its net profit before and after taxation and its value of total assets and net assets). As at the date of this joint announcement, CSMall is owned as to approximately 47.46% by China Silver and is accounted for as a subsidiary of China Silver.

China Silver is a leading fully-integrated silver and precious metals enterprise in the PRC with three business segments, including (i) the manufacturing segment, i.e. manufacture and sale of silver ingots and other non-ferrous metals; (ii) the new jewellery retail segment, i.e. the business of CSMall; and (iii) the silver exchange segment, i.e. provision of a professional electronic platform and related services for silver trading.

### **WARNING**

**The Issuances are subject to the satisfaction (or, where applicable, waiver) of certain conditions precedent set forth in the sections headed "The Strategic Investor Subscription Agreement — Conditions precedent" and "The Employee Subscription Agreement — Conditions precedent" of this joint announcement, in particular the grant of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Independent Shareholders. As such, the Issuances may or may not proceed.**

**Shareholders and potential investors of China Silver and CSMall are advised to exercise caution when dealing in the securities of China Silver and CSMall, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## DEFINITIONS

In this joint announcement, the following expressions have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Applicable Percentage Ratios”	the percentage ratios stipulated in Rule 14.07 of the Listing Rules as applicable to the Deemed Disposal
“Ascend Delight”	Ascend Delight Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Ms. Xue and is the subscriber under the Employee Subscription Agreement and the settlor under the Employee Trust Deed
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code
“Business Day(s)”	day(s) (other than Saturdays, Sundays and public holidays in Hong Kong) on which banks in Hong Kong are open for general banking business and the Stock Exchange is open for trading of securities
“Chairman Chen”	Mr. CHEN Wantian (陳萬天), the chairman of China Silver and a China Silver Director
“China Silver”	China Silver Group Limited (中國白銀集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 815), and together with its subsidiaries as the context may so require
“China Silver Board”	the board of China Silver Directors
“China Silver Director(s)”	director(s) of China Silver
“Concert Group”	China Silver and persons acting in concert or presumed to be acting in concert with it, including Chairman Chen and Ms. Xue
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“CSMall”	CSMall Group Limited (金貓銀貓集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1815), and together with its subsidiaries as the context may so require
“CSMall Board”	the board of CSMall Directors
“CSMall Director(s)”	director(s) of CSMall
“CSMall INED(s)”	independent non-executive director(s) of CSMall
“Deemed Disposal”	the Issuances as viewed under Rule 14.29 of the Listing Rules as a deemed disposal of part of China Silver’s interest in CSMall, details of which are set forth in the section headed “Listing Rules implications and financial impacts of the Issuances — China Silver — Deemed Disposal of part of its interest in CSMall” of this joint announcement
“EGM”	an extraordinary general meeting of CSMall to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Issuances, the Specific Mandate and the Whitewash Waiver
“Employee Issuance”	the issuance of the Employee Shares pursuant to the Employee Subscription Agreement
“Employee Lock-Up Period”	the six-month lock-up period referred to in the section headed “The Employee Subscription Agreement — Lock-up period” of this joint announcement
“Employee Share(s)”	the 84,287,040 new Shares to be issued pursuant to the Employee Issuance, or one or some of such Shares as the context may so require

“Employee Subscription Agreement”	the subscription agreement dated 6 May 2019 entered into among CS Mall (as the issuer), Ascend Delight (as the subscriber) and Ms. Xue (as the guarantor), details of which are set forth in the section headed “The Employee Subscription Agreement” of this joint announcement
“Employee Trust Deed”	the trust deed dated 6 May 2019 entered into among Ascend Delight (as the settlor), Ms. Xue (as the trustee) and CS Mall, details of which are set forth in the section headed “The Employee Trust Deed” of this joint announcement
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Existing Employee Share Scheme”	the existing employee share scheme of CS Mall first adopted in 2016, which was referred to as the “Employee Share Scheme” in the Prospectus
“Existing Scheme Participant(s)”	participant(s) of the Existing Employee Share Scheme, being 58 current or former employees of CS Mall
“Global Offering”	the global offering of new Shares completed on 13 March 2018, details of which were disclosed in the Prospectus
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the CS Mall INEDs formed to advise the Independent Shareholders in respect of the Issuances, the Specific Mandate and the Whitewash Waiver

“Independent Financial Adviser”	the independent financial adviser to be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Issuances, the Specific Mandate and the Whitewash Waiver
“Independent Shareholders”	the Shareholders, to the extent applicable in respect of each resolution to be voted on at the EGM, who are not members of the Concert Group or their respective associates or are not involved or interested in (other than solely as a Shareholder) the transactions contemplated under the Strategic Investor Subscription Agreement, the Employee Subscription Agreement, the Issuances, the Specific Mandate and/or the Whitewash Waiver and are not required to abstain from voting under the Listing Rules and/or the Takeovers Code and therefore permitted to vote in respect of the resolutions to approve the Issuances, the Specific Mandate and/or the Whitewash Waiver at the EGM
“Issuances”	collectively, the Strategic Investor Issuance and the Employee Issuance
“King Tai Fook”	King Tai Fook Jewellery Co., Ltd. (金大福珠寶有限公司), a company incorporated in the PRC with limited liability, of which Mr. Yao is the founder and chairman
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Mr. Yao”	Mr. YAO Runxiong (姚潤雄), a PRC national and the subscriber under the Strategic Investor Subscription Agreement
“Ms. Xue”	Ms. XUE Meiqi (薛美琪), a PRC national, the guarantor under the Employee Subscription Agreement and the trustee under the Employee Trust Deed
“New Employee Share Scheme”	the employee share scheme adopted by virtue of the Employee Issuance and the constitution of the trust under the Employee Trust Deed

“New Scheme Participant(s)”	participant(s) of the New Employee Share Scheme, being 40 current employees of CSMall
“PRC”	the People’s Republic of China, which, for the purposes of this joint announcement, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of CSMall dated 28 February 2018 in connection with the Global Offering
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the capital of CSMall
“Specific Mandate”	the specific mandate in relation to the allotment and issue of the Strategic Investor Shares and the Employee Shares which is to be granted by the Independent Shareholders to the CSMall Board at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Investor Issuance”	the issuance of the Strategic Investor Shares pursuant to the Strategic Investor Subscription Agreement
“Strategic Investor Share(s)”	the 100,000,000 new Shares to be issued pursuant to the Strategic Investor Issuance, or one or some of such Shares as the context may so require
“Strategic Investor Subscription Agreement”	the subscription agreement dated 6 May 2019 entered into between CSMall (as the issuer) and Mr. Yao (as the subscriber), details of which are set forth in the section headed “The Strategic Investor Subscription Agreement” of this joint announcement
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America

“Voting Arrangement”	Ms. Xue’s agreement pursuant to the Employee Trust Deed that she will exercise the voting rights attached to the Employee Shares in the same manner as China Silver so long as Ascend Delight remains the registered Shareholder of the Employee Shares
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Concert Group to make a mandatory general offer to the Shareholders in respect of all the Shares (other than those already owned or agreed to be acquired by the Concert Group) as a result of the Issuances
“%”	per cent

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

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

Hong Kong, 6 May 2019

*As at the date of this joint announcement, the executive directors of China Silver are Mr. Chen Wantian, Mr. Song Guosheng and Mr. Chen Guoyu; and the independent non-executive directors of China Silver are Mr. Song Hongbing, Dr. Li Haitao and Dr. Zeng Yilong.*

*As at the date of this joint announcement, the executive directors of CSMall are Mr. Chen He, Mr. Zhang Jinpeng and Mr. Qian Pengcheng; and the independent non-executive directors of CSMall are Mr. Fu Lui, Mr. Hu Qilin and Mr. Zhang Zuhui.*

*The China Silver Directors jointly and severally accept full responsibility for the accuracy of the information relating to China Silver contained in this joint announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by China Silver in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The CSMall Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to China Silver) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by China Silver) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*