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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)



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

TERMINATION OF DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF LAND USE RIGHTS IN HUZHOU, ZHEJIANG

INTRODUCTION

Reference is made to (i) the announcements of China Silver Group Limited (“**China Silver**”) dated 23 August 2018 and 3 September 2018; and (ii) the announcements of CS Mall Group Limited (“**CS Mall**”) dated 23 August 2018 and 3 September 2018 (collectively, the “**Announcements**”), in relation to the entering into of a bid-winning confirmation letter (the “**Bid-Winning Confirmation Letter**”) and an assignment contract (the “**Assignment Contract**”) by Huzhou Baiyin Property Co., Ltd. (湖州白銀置業有限公司) (“**Huzhou Baiyin**”), a non-wholly-owned subsidiary of China Silver and a wholly-owned subsidiary of CS Mall, for the acquisition of the land use rights (the “**Land Use Rights**”) over a land parcel (the “**Land Parcel**”) situated in Huzhou, Zhejiang, the People’s Republic of China.

The principal terms of the Bid-Winning Confirmation Letter and the Assignment Contract as well as the particulars of the Land Parcel were disclosed in the Announcements.

TERMINATION OF THE ASSIGNMENT CONTRACT

Pursuant to the Assignment Contract, the total consideration payable by Huzhou Baiyin for the Land Use Rights is RMB285,000,000, which include (i) an auction deposit of RMB57,000,000 (the “**Auction Deposit**”) which was paid prior to entering into the Bid-Winning Confirmation Letter; and (ii) a balance of RMB228,000,000 (the “**Balance**”). In addition, a performance deposit of RMB8,550,000 to guarantee the performance of obligations of Huzhou Baiyin under the Assignment Contract (the “**Performance Deposit**”) was required to be paid. As of the date of this joint announcement, the Auction Deposit and RMB175,500,000 of the Balance have been paid, whilst the Performance Deposit has not been paid.

The board of directors of China Silver (the “**China Silver Board**”) and the board of directors of CS Mall (the “**CS Mall Board**”) hereby jointly announce that, between 29 and 30 June 2020, Huzhou Baiyin entered into (i) a compensation agreement with Huzhou South Taihu New District Management Committee (湖州南太湖新區管理委員會) (formerly known as Taihu Tourism and Resort Area Management Committee (太湖旅遊度假區管理委員會)) (the “**Committee**”); and (ii) a termination agreement with the Committee and Huzhou Municipal Bureau of Natural Resources and Planning (湖州市自然資源和規劃局) (formerly known as Huzhou Municipal Bureau of Land and Resources (湖州市國土資源局)) (the “**Bureau**”), which provided (among other things) as follows:

- (a) the Assignment Contract shall be terminated and the rights and obligations of Huzhou Baiyin, the Committee and the Bureau thereunder shall be discharged;
- (b) Huzhou Baiyin shall be compensated for 80% of the Auction Deposit, being RMB45,600,000;
- (c) Huzhou Baiyin shall receive a full refund of the portion of the Balance paid, being RMB175,500,000; and
- (d) Huzhou Baiyin shall be compensated for (i) the capital expenditure and other expenses incurred by it in connection with the exploration, design and construction works on the Land Parcel; and (ii) certain taxes paid by another wholly-owned subsidiary of CS Mall, Zhejiang CSmall Jewellery Co., Ltd. (浙江金貓銀貓珠寶首飾有限公司), in connection with the Huzhou Taihu Tourism and Resort Area (湖州太湖旅遊度假區).

In respect of paragraph (b) above, it is expected that Huzhou Baiyin will not receive any refund of or compensation for the remaining 20% of the Auction Deposit, being RMB11,400,000.

REASONS FOR THE TERMINATION OF THE ASSIGNMENT CONTRACT

China Silver and CSMall had intended to construct a “silver town” on the Land Parcel, which would consist of (among other things) a silver-themed business district and a product exhibition centre. In view of the global COVID-19 epidemic since early 2020, the China Silver Board and the CSMall Board consider that such crowded commercial facilities will be inconsistent with the ongoing epidemic prevention and control efforts and may not appeal to domestic and international visitors. Furthermore, the China Silver Board and the CSMall Board believe that the aforesaid compensation and refund will strengthen China Silver’s and CSMall’s cash position and enable them to focus on and expand their principal businesses.

The proposed acquisition of the Land Use Rights and the development of the Land Parcel will not proceed. Shareholders of China Silver and CSMall and potential investors should exercise caution when dealing in the securities of China Silver and CSMall.

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, 2 July 2020

As at the date of this joint announcement, the executive directors of China Silver are Mr. Chen Wantian, Mr. Song Guosheng and Mr. Liu Jiandong; 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.