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CSMall Group Limited
金貓銀貓集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1815)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN SHENZHEN YUNPENG, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

On 28 December 2020 (after trading hours), Shenzhen Guoyintongbao (a wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser, pursuant to which Shenzhen Guoyintongbao agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in Shenzhen Yunpeng (a wholly-owned subsidiary of the Company primarily engaged in software development) for the Consideration of RMB3,100,000.

The Company is pleased to announce that the completion of the Disposal has taken place on 28 December 2020 (after trading hours), and therefore Shenzhen Yunpeng is no longer a subsidiary of the Company.

As the highest Applicable Percentage Ratio in respect of the Disposal is 5% or more but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Date

28 December 2020 (after trading hours)

Parties

(1) Shenzhen Guoyintongbao, as the seller

(2) The Purchaser, as the purchaser

Subject Matter

Pursuant to the Equity Transfer Agreement, Shenzhen Guoyintongbao agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in Shenzhen Yunpeng.

Consideration

Pursuant to the Equity Transfer Agreement, the Consideration is RMB3,100,000, which shall be paid in full by the Purchaser to Shenzhen Guoyintongbao on the date of the Equity Transfer Agreement by way of bank transfer, and the Purchaser shall provide satisfactory proof of such payment to Shenzhen Guoyintongbao on the same day. To the Company's understanding, the Purchaser would satisfy the Consideration with its internal financial resources.

The Consideration was arrived at after arm's length negotiations between Shenzhen Guoyintongbao and the Purchaser primarily with reference to the following factors: (i) Shenzhen Yunpeng's net asset value as at 30 June 2020 of RMB2,779,812; and (ii) the limited development of Shenzhen Yunpeng's business operations subsequent to 30 June 2020.

The Consideration represents a premium of RMB320,188 or approximately 11.5% over the aforesaid net asset value. In this regard, the Company notes that (i) as Shenzhen Yunpeng's assets and liabilities do not contain any intangible assets or other items that would require valuation, Shenzhen Yunpeng's fair value is the same as its net asset value; (ii) given Shenzhen Yunpeng's size and nature as a small-scale, privately-owned enterprise, the Company has not been able to identify any comparable transactions similar to the Disposal for comparison purposes; and (iii) given the abundance of labor supply in the PRC information technology sector, the experience and know-how of Shenzhen Yunpeng's employees would not justify a sale consideration representing a high premium over Shenzhen Yunpeng's net asset value.

Based on the above, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Pursuant to the Equity Transfer Agreement, upon the receipt by Shenzhen Guoyintongbao of satisfactory proof of the full payment of the Consideration, Shenzhen Guoyintongbao shall cause Shenzhen Yunpeng's register of members to reflect the Purchaser as the owner of the entire equity interest in Shenzhen Yunpeng, which shall represent the completion of the Disposal.

The Company is pleased to announce that the completion of the Disposal has taken place on 28 December 2020 (after trading hours), and therefore Shenzhen Yunpeng is no longer a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The reasons for and benefits of the Disposal are set forth as follows:

(a) *Focus on principal business.* The Company wishes to focus on its principal business of online and offline integrated jewellery retail. Accordingly, the Company does not intend to continue its peripheral business of providing software development services for external customers;

(b) *Reduction in operating costs.* After years of development, the Company's online retail platforms have largely matured. The existing functionality of the platforms is considered to be sufficient for the Company's principal business. As such, the Company believes that retaining the core Shenzhen Yunpeng employees mainly in charge of the ongoing maintenance and enhancement of the Company's online retail platforms will be sufficient for present purposes. On this basis, after the Disposal, the Company will continue to maintain the necessary technological expertise in-house, but will no longer have to bear the ongoing costs of operating Shenzhen Yunpeng (including the employment costs of the other Shenzhen Yunpeng employees not to be retained by the Company); and

(c) *Reduction in liabilities as well as risks in relation to receivables.* The Disposal is expected to result in a reduction in the Group's liabilities, as the external liabilities owed by Shenzhen Yunpeng to third parties will no longer be consolidated in the Group's consolidated statement of financial position after the Disposal. Moreover, the Purchaser will assume all risks in relation to the recoverability of Shenzhen Yunpeng's non-trade receivables from external parties.

Based on the above, the Directors are of the view that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.20 of the Listing Rules, on the basis that the "profits ratio" under Rule 14.07(2) of the Listing Rules would produce an anomalous result in measuring the size of the Disposal, the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to the Company, using a "gross profits ratio" in substitution for the usual "profits ratio" as one of the Applicable Percentage Ratios.

As the highest Applicable Percentage Ratio in respect of the Disposal is 5% or more but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

USE OF PROCEEDS AND FINANCIAL EFFECT

The Company intends to use the Consideration (after deducting relevant costs and expenses) as the Group's general working capital.

Subject to final audit, it is currently expected that the Group will record a gain of approximately RMB320,188 as a result of the Disposal, which represents the premium of the Consideration over Shenzhen Yunpeng's net asset value as at 30 June 2020.

Shareholders should note that the exact amount of the gain or loss on the Disposal to be recorded in the Group's consolidated statement of profit or loss and other comprehensive income for the year ending 31 December 2020 will be subject to audit, and will be calculated based on Shenzhen Yunpeng's net asset value as at the completion of the Disposal and taking into account relevant costs and expenses, and therefore may vary from the aforesaid figure.

GENERAL INFORMATION

The Company and Shenzhen Guoyintongbao

The Company, together with its subsidiaries, 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. As at the date of this announcement, the Company is owned as to approximately 40.39% by China Silver Group, which accounts for the Company as its non-wholly-owned subsidiary.

Shenzhen Guoyintongbao is a wholly-owned subsidiary of the Company (and hence a non-wholly-owned subsidiary of China Silver Group). It is primarily engaged in the offline sale of jewellery products and operation of self-owned stores.

The Purchaser

The Purchaser is primarily engaged in investment management and asset management. As at the date of this announcement, the Purchaser is owned as to 55% by Shanghai Ange Trading Co., Ltd.*(上海安戈貿易有限公司)which is wholly-owned by Mr. Lian Xinxiao(連新曉), and as to 45% by Shanghai Huizi Metallic Materials Co., Ltd.*(上海匯資金屬材料有限公司)which is wholly-owned by Mr. Lian Haibo(連海波).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Shenzhen Yunpeng

Shenzhen Yunpeng was, prior to the completion of the Disposal, a wholly-owned subsidiary of the Company (and hence a non-wholly-owned subsidiary of China Silver Group). It is primarily engaged in software development and has over the years developed a number of software solutions (i) for the Company (or, prior to its spin-off listing, for China Silver Group) to support its online and offline integrated jewellery retail platform; and (ii) for various third party jewellery wholesalers and retailers in the PRC.

According to the unaudited management accounts of Shenzhen Yunpeng prepared in accordance with International Financial Reporting Standards, Shenzhen Yunpeng's unaudited total asset value and net asset value as at 30 June 2020 were RMB7,756,389 and RMB2,779,812, respectively, and its unaudited gross profit as well as net profit or loss before and after taxation for the two years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 were as follows:

	For the year ended 31 December 2018 *RMB*	**For the year ended 31 December 2019** *RMB*	**For the six months ended 30 June 2020** *RMB*
Gross profit	9,950,504	12,535,519	5,791,035
Net profit/(loss) before taxation	7,564,414	11,292,517	(2,302,930)
Net profit/(loss) after taxation	6,618,862	10,231,470	(2,258,706)

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

"Applicable Percentage Ratio(s)"	the percentage ratios stipulated in Rule 14.07 of the Listing Rules as applicable to the Disposal, of which the "profits ratio" is substituted with a "gross profits ratio" as explained in the section headed "Listing Rules Implications" of this announcement, or one or more of such ratios as the context may require
"Board"	the board of Directors
"China Silver Group"	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), which is the holding company of the Company
"Company"	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)
"Consideration"	the consideration for the Disposal, being RMB3,100,000
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the entire equity interest in Shenzhen Yunpeng by Shenzhen Guoyintongbao to the Purchaser pursuant to the Equity Transfer Agreement

"Equity Transfer Agreement"	the equity transfer agreement dated 28 December 2020 entered into between Shenzhen Guoyintongbao and the Purchaser, the principal terms of which are set forth in the section headed "The Equity Transfer Agreement" of this announcement
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"PRC"	the People's Republic of China, excluding, for the purposes of this announcement only, Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region
"Purchaser"	Huzhou Zhiyin Equity Investment Management Co., Ltd.* (湖州智銀股權投資管理有限公司), a company incorporated in the PRC with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of ordinary share(s) of the Company
"Shenzhen Guoyintongbao"	Shenzhen Guoyintongbao Company Limited* (深圳國銀通寶有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company

"Shenzhen Yunpeng"	Shenzhen Yunpeng Software Development Company Limited* (深圳雲鵬軟件開發有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of the Company prior to the completion of the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board
CSMall Group Limited
Chen He
Chairman

Hong Kong, 28 December 2020

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

* *For identification purpose only*