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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 CSMall
买珠宝只选金猫银猫
CSMall Group Limited
金猫银猫集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1815)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY

THE EQUITY TRANSFER AGREEMENT

The China Silver Board and CS Mall Board are pleased to jointly announce that on 15 August 2024 (after trading hours), the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 51% equity interest in the Target Company for a total consideration of RMB2,550,000.

Upon completion of the Acquisition, the Target Company will be owned as to 51% by the Purchaser and become an indirect non-wholly-owned subsidiary of CS Mall (and hence an indirect non-wholly-owned subsidiary of China Silver). Accordingly, the Target Group's financial results will be consolidated into the accounts of CS Mall and of China Silver.

LISTING RULES IMPLICATIONS

The Vendor, through the Target Company, acquired 30%, 40% and 30% equity interest in Tibet Longtianyong from Mr. Chen Wancheng, Mr. Chen Zhiyong and Mr. Qu Haiqing respectively in April 2024.

Mr. Chen Wancheng is the father of Mr. Chen He, an executive Director of CSMall. Accordingly, Mr. Chen Wancheng is an associate of a connected person of CSMall. Mr. Chen Wancheng is also a brother of Mr. Chen Wantian, the chairman and an executive director of China Silver, the controlling shareholder and holding company of CSMall. Accordingly, Mr. Chen Wancheng is also an associate of a connected person of China Silver.

Mr. Chen Zhiyong is a director of Zhejiang Fuyin and Jiangxi Fuhui, both of which are subsidiaries of China Silver. Accordingly, Mr. Chen Zhiyong is a connected person of China Silver.

Taking into account the above relationships and the Vendor's recent acquisition of Tibet Longtianyong through the Target Company, China Silver and CSMall consider that the Vendor, the Target Company and Tibet Longtianyong are deemed connected persons of each of China Silver and CSMall. Accordingly, the transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of each of China Silver and CSMall under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Equity Transfer Agreement exceed 0.1% but are less than 5% for each of China Silver and CSMall, the entering into of the Equity Transfer Agreement for each of China Silver and CSMall is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 15 August 2024 (after trading hours), the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 51% equity interest in the Target Company for a total consideration of RMB2,550,000.

Upon completion of the Acquisition, the Target Company will be owned as to 51% by the Purchaser and become an indirect non-wholly-owned subsidiary of CSMall (and hence an indirect non-wholly-owned subsidiary of China Silver). Accordingly, the Target Group's financial results will be consolidated into the accounts of CSMall and of China Silver.

THE EQUITY TRANSFER AGREEMENT

Date

15 August 2024

Parties

- (1) The Purchaser
- (2) The Vendor

Subject Matter

As at the date of this joint announcement, the Target Company is wholly owned by the Vendor.

Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, 51% equity interest in the Target Company for a total consideration of RMB2,550,000.

Upon completion of the Acquisition, the Target Company will be owned as to 51% by the Purchaser and become an indirect non-wholly-owned subsidiary of CS Mall (and hence an indirect non-wholly-owned subsidiary of China Silver). Accordingly, the Target Group's financial results will be consolidated into the accounts of CS Mall and of China Silver.

Consideration and Payment

The total consideration for the Acquisition is RMB2,550,000.

The consideration was determined by the Vendor and the Purchaser after arm's length negotiations, taking into account, among other things, (i) the financial position of the Target Group; (ii) the future prospects of the Target Group, in particular, the exploration rights granted under the exploration license described in the section headed "Information on the Target Company and Tibet Longtianyong" below; (iii) the original acquisition cost of Tibet Longtianyong by the Vendor through the Target Company; and (iv) the factors further contained in the section headed "Reasons for and Benefits of the Equity Transfer Agreement" below.

The consideration for the Acquisition shall be paid by the Purchaser in one lump sum in cash within 10 days upon completion of registration in relation to the change of shareholders of the Target Company with the local bureau of industry and commerce. The consideration will be funded by CS Mall Group's internal resources.

Completion of the Acquisition

Completion of the Acquisition shall take place on the date on which the registration in relation to the change of shareholders of the Target Company with the local bureau of industry and commerce has become effective.

INFORMATION ON THE TARGET COMPANY AND TIBET LONGTIANYONG

The Target Company is a company incorporated in the PRC in April 2024. Since its incorporation and as at the date of this joint announcement, the Target Company has no business operation and other material assets and liabilities other than its 100% equity interest in Tibet Longtianyong.

The Target Company acquired the entire equity interest in Tibet Longtianyong in April 2024 for a consideration of RMB5,000,000, being the registered and paid-up capital of Tibet Longtianyong.

Tibet Longtianyong is principally engaged in the exploration of lead and zinc mines. As at the date of this joint announcement, Tibet Longtianyong holds an exploration license which grants it the right to conduct general exploration on mineral resources within an area of 28.88 km² in Lhoka, Tibet covered under the exploration license, with a validity period till 30 September 2026, which may be extended subject to the satisfaction of certain conditions.

According to the unaudited financial information of the Target Group, as at 31 July 2024, the Target Group had total assets of approximately RMB14,508,803, total liabilities of approximately RMB19,081,074, and net liabilities of approximately RMB4,572,271.

The Target Company had not recorded any revenue, profit or loss since its incorporation.

The following sets out the unaudited financial information of Tibet Longtianyong for the years ended 31 December 2022 and 2023:

	2022	2023
	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net loss before taxation	50,364	125,713
Net loss after taxation	50,364	125,713

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

The China Silver Group is a leading fully-integrated silver and precious metals enterprise in the PRC and is engaged in the manufacture and sales of silver ingots, palladium and other non-ferrous metals in the PRC. The CSMall Group is primarily engaged in the design and sales of gold, silver and other jewellery products.

As disclosed in China Silver and CSMall's respective annual reports for the financial year ended 31 December 2023, in view of the weak sales growth in the retail industry, the China Silver Group and the CSMall Group have been exploring and considering suitable business opportunities within and outside the jewellery industry from time to time in recent years to diversify their business risks.

By entering into the Equity Transfer Agreement, CSMall will acquire 51% equity interest in the Target Company, which, through Tibet Longtianyong, indirectly holds an exploration license with exploration rights to mineral resources in Lhoka, Tibet.

The China Silver Directors and the CSMall Directors consider that the Acquisition of the Target Group and the exploration license with the potential to explore mineral resources will not only bring synergy to the China Silver Group and the CSMall Group's existing business, but also help to diversify their business risks.

Based on the above, the China Silver Directors (including the independent non-executive China Silver Directors) are of the view that the transactions contemplated under the Equity Transfer Agreement, although not in the ordinary and usual course of business of the China Silver Group, are conducted on normal commercial terms, and that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of China Silver and its shareholders as a whole.

Based on the above, the CSMall Directors (including the independent non-executive CSMall Directors) are of the view that the transactions contemplated under the Equity Transfer Agreement, although not in the ordinary and usual course of business of the CSMall Group, are conducted on normal commercial terms, and that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of CSMall and its shareholders as a whole.

GENERAL INFORMATION

Information on the Vendor

The Vendor is a company incorporated in the PRC with limited liability. It is principally engaged in the sales of metallic materials and products. As at the date of this joint announcement, it is owned as to 80% by Mr. Hu Zhixiao (胡志曉) and 20% by Ms. Ye Hongyue (葉紅月), respectively. Save for the relationships described in the section titled “Listing Rules Implications” below, to the best of the China Silver Directors’ and the CSMall Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Vendor’s ultimate beneficial owners, Mr. Hu Zhixiao and Ms. Ye Hongyue, are third parties independent of China Silver and CSMall and the connected persons of China Silver and CSMall.

Information on CSMall and the Purchaser

CSMall, together with its subsidiaries, is a leading integrated online and offline internet-based jewellery retailer in the PRC with two business segments, including (i) the new jewellery retail segment, i.e. design and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC; and (ii) the fresh food retail segment, i.e. integrated online-and-offline sales of fresh food in the PRC, and providing related electronic platforms and branding and software as a service (SaaS) services along the agricultural supply chain in the PRC. As at the date of this joint announcement, CSMall is owned as to approximately 40.39% by China Silver, which accounts for CSMall as its non-wholly-owned subsidiary.

The Purchaser is a wholly-owned subsidiary of CSMall (and hence a non-wholly-owned subsidiary of China Silver) primarily engaged in the processing and wholesale of precious metal products.

Information on China Silver

China Silver, together with its subsidiaries, 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 sales of silver ingots, palladium and other non-ferrous metals in the PRC; (ii) the new jewellery retail segment operated under CSMall; and (iii) the fresh food retail segment also operated under CSMall.

LISTING RULES IMPLICATIONS

The Vendor, through the Target Company, acquired 30%, 40% and 30% equity interest in Tibet Longtianyong from Mr. Chen Wancheng (陳萬成), Mr. Chen Zhiyong (陳知勇) and Mr. Qu Haiqing (瞿海青) respectively in April 2024.

Mr. Chen Wancheng is the father of Mr. Chen He (陳和), an executive Director of CSMall. Accordingly, Mr. Chen Wancheng is an associate of a connected person of CSMall. Mr. Chen Wancheng is also a brother of Mr. Chen Wantian (陳萬天), the chairman and an executive director of China Silver, the controlling shareholder and holding company of CSMall. Accordingly, Mr. Chen Wancheng is also an associate of a connected person of China Silver.

Mr. Chen Zhiyong is a director of Zhejiang Fuyin and Jiangxi Fuhui, both of which are subsidiaries of China Silver. Accordingly, Mr. Chen Zhiyong is a connected person of China Silver.

To the best of the China Silver Directors' and the CSMall Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Qu Haiqing is a third party independent of China Silver and CSMall and the connected persons of China Silver and CSMall.

Taking into account the above relationships and the Vendor's recent acquisition of Tibet Longtianyong through the Target Company, China Silver and CSMall consider that the Vendor, the Target Company and Tibet Longtianyong are deemed connected persons of each of China Silver and CSMall. Accordingly, the transactions contemplated under the Equity Transfer Agreement constitute a connected transaction of each of China Silver and CSMall under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Equity Transfer Agreement exceed 0.1% but are less than 5% for each of China Silver and CSMall, the entering into of the Equity Transfer Agreement for each of China Silver and CSMall is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given their respective relationships with Mr. Chen Wancheng, to avoid any potential conflicts of interest, Mr. Chen Wantian has voluntarily abstained from voting on the China Silver Board resolution proposed to approve the Equity Transfer Agreement and the transactions contemplated thereunder, and Mr. Chen He has voluntarily abstained from voting on the CSMall Board resolution proposed to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Save as disclosed, no other China Silver Director has a material interest in the Acquisition and abstained from voting on the China Silver Board resolution proposed to approve the Equity Transfer Agreement and the transactions contemplated thereunder, and no other CSMall Director has a material interest in the Acquisition and abstained from voting on the CSMall Board resolution proposed to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Acquisition”	the acquisition of 51% equity interest in the Target Company from the Vendor pursuant to the Equity Transfer Agreement
“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), which is the controlling shareholder and holding company of CSMall
“China Silver Board”	the board of China Silver Directors

“China Silver Director(s)”	the director(s) of China Silver
“China Silver Group”	China Silver and its subsidiaries from time to time
“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)
“CSMall Board”	the board of CSMall Directors
“CSMall Director(s)”	the director(s) of CSMall
“CSMall Group”	CSMall and its subsidiaries from time to time
“Equity Transfer Agreement”	the equity transfer agreement dated 15 August 2024 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Jiangxi Fuhui”	Jiangxi Fuhui Lithium Company Limited* (江西富輝鋰業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Silver
“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 joint announcement only, Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region
“Purchaser”	Jiangxi Ji Yin Company Limited* (江西吉銀實業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CSMall and a non-wholly-owned subsidiary of China Silver

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jiangxi Letong New Materials Company Limited* (江西樂通新材料有限公司), a company incorporated in the PRC with limited liability
“Target Group”	the Target Company and Tibet Longtianyong
“Tibet Longtianyong”	Tibet Longtianyong Mining Company Limited* (西藏龍天勇礦業有限公司), a company incorporated in the PRC with limited liability
“Vendor”	Jiangxi Huiying Trading Company Limited* (江西輝穎貿易有限公司), a company incorporated in the PRC with limited liability
“Zhejiang Fuyin”	Zhejiang Fuyin Lithium Company Limited* (浙江富銀鋰業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Silver

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, 15 August 2024

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 and Mr. Qian Pengcheng; and the independent non-executive directors of CSMall are Mr. Yu Leung Fai, Mr. Hu Qilin and Mr. Zhang Zuhui.

* For identification purpose only