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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CSmall Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTION:
2024-2026 FRAMEWORK PURCHASE AGREEMENT FOR
THE SOURCING OF SILVER INGOTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

MESSIS 大有融資

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 31 of this circular.

A notice convening the EGM to be held at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Wednesday, 13 December 2023 at 2:00 p.m. is set out on pages 37 to 38 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.csmall.com). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 2:00 p.m. on Monday, 11 December 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

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DEFINITIONS

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

“2021-2023 Framework Purchase Agreement”	the framework purchase agreement entered between Jiangxi Ji Yin and Longtianyong on 16 November 2020 in relation to the sourcing of silver ingots from Longtianyong for the period from 1 January 2021 to 31 December 2023
“2024-2026 Framework Purchase Agreement”	the framework purchase agreement entered between Jiangxi Ji Yin and Longtianyong on 3 November 2023 in relation to the sourcing of silver ingots from Longtianyong for the period from 1 January 2024 to 31 December 2026
“Applicable Percentage Ratio(s)”	the percentage ratio(s) defined under Rule 14.04(9) of the Listing Rules and modified under Rule 14A.78 of the Listing Rules, as applicable to the transactions contemplated under the 2024-2026 Framework Purchase Agreement
“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”, “we”, “us”	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)
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026
“Group”	the Company and its subsidiaries

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive directors of the Company formed to advise the Independent Shareholders in respect of the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026
“Independent Financial Adviser”	Messis Capital Limited (大有融資有限公司), a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026
“Initial Framework Purchase Agreement”	the framework purchase agreement entered by Shenzhen Guoyintongbao and Jiangxi Jiyin with Longtianyong on 19 February 2018 in relation to the sourcing of silver ingots and related raw materials from Longtianyong for the period from 13 March 2018 to 31 December 2019 (as renewed between Jiangxi Jiyin and Longtianyong on 1 January 2020 on the same terms for the period from 1 January 2020 to 31 December 2020)
“Independent Shareholders”	those Shareholders who do not have a material interest in the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder and are hence not required to abstain from voting on the Shareholders’ resolution to be proposed at the EGM
“Jiangxi Jiyin”	Jiangxi Jiyin 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 the Company
“Latest Practicable Date”	17 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 13 March 2018

DEFINITIONS

“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
“Longtianyong”	Jiangxi Longtianyong Nonferrous Metals Co., Ltd.* (江西龍天勇有色金屬有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of China Silver Group and hence a connected person of the Company
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this circular only, Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region
“Prospectus”	the prospectus dated 28 February 2018 published by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shanghai Huatong”	Shanghai White Platinum & Silver Exchange* (上海華通鉑銀交易市場有限公司), a company incorporated in the PRC with limited liability
“Share(s)”	ordinary share(s) of US\$0.0001 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares(s)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* For identification purpose only

LETTER FROM THE BOARD



CSMall Group Limited
金猫银猫集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1815)

Executive Directors:

Mr. CHEN He

(Chairman and Chief Executive Officer)

Mr. QIAN Pengcheng

Independent Non-executive Directors:

Mr. YU Leung Fai

Mr. HU Qilin

Mr. ZHANG Zuhui

Registered Office:

Intertrust Corporate Services

(Cayman) Limited

One Nexus Way

Camana Bay

Grand Cayman KY1-9005

Cayman Islands

*Head Office and Principal Place
of Business in the PRC:*

29th Floor, Shuibe International

No. 99 Beili North Road

Luohu District

Shenzhen, Guangdong, the PRC

*Principal Place of Business
in Hong Kong:*

Unit 5, 17/F, China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

24 November 2023

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION:
2024-2026 FRAMEWORK PURCHASE AGREEMENT FOR
THE SOURCING OF SILVER INGOTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcement of the Company dated 3 November 2023 regarding, among others, the proposed renewal of continuing connected transaction by entering into the 2024-2026 Framework Purchase Agreement for the sourcing of silver ingots for the period from 1 January 2024 to 31 December 2026.

The purpose of this circular is to provide the Shareholders with further information regarding the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 as set out on pages 5 to 9 of this circular, and to seek approval of the Independent Shareholders in respect of the ordinary resolution set out in the notice of the EGM on pages 37 to 38 of this circular.

In respect of the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026, the recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 15 to 16 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice is set out on pages 17 to 31 of this circular.

THE 2024-2026 FRAMEWORK PURCHASE AGREEMENT

Reference is made to the section headed “Connected Transactions” on pages 175 to 178 of the Prospectus. As disclosed in the Prospectus, in preparation for the Listing, Shenzhen Guoyintongbao and Jiangxi Jiyin (being wholly-owned subsidiaries of the Company) entered into the Initial Framework Purchase Agreement with Longtianyong (being a wholly-owned subsidiary of China Silver Group) on 19 February 2018 in relation to the Group’s sourcing of silver ingots and related raw materials from Longtianyong for the period from 13 March 2018 (being the date of the Listing) to 31 December 2019. The Initial Framework Purchase Agreement was renewed between Jiangxi Jiyin and Longtianyong on 1 January 2020 on the same terms for the period from 1 January 2020 to 31 December 2020.

Reference is also made to the Company’s announcement dated 16 November 2020, circular dated 10 December 2020 and announcement dated 28 December 2020. As disclosed in such announcements and circular, Jiangxi Jiyin entered into the 2021-2023 Framework Purchase Agreement with Longtianyong on 16 November 2020 in relation to the Group’s sourcing of silver ingots from Longtianyong for the period from 1 January 2021 to 31 December 2023, and the 2021-2023 Framework Purchase Agreement was approved by the then independent Shareholders on 28 December 2020.

With 2023 soon coming to an end, Jiangxi Jiyin entered into the 2024-2026 Framework Purchase Agreement with Longtianyong on 3 November 2023 in relation to the Group’s sourcing of silver ingots from Longtianyong for the period from 1 January 2024 to 31 December 2026.

LETTER FROM THE BOARD

Details of the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder are set out as follows:

Date

3 November 2023

Parties

- (1) Jiangxi Jiyin, as the purchaser
- (2) Longtianyong, as the supplier

Term

The 2024-2026 Framework Purchase Agreement will be effective during the period from 1 January 2024 to 31 December 2026.

Jiangxi Jiyin and Longtianyong may renew the 2024-2026 Framework Purchase Agreement through friendly negotiations, subject to compliance with the relevant requirements under the Listing Rules and all other applicable laws and regulations.

Subject Matter

Pursuant to the 2024-2026 Framework Purchase Agreement, Longtianyong agreed to supply, and Jiangxi Jiyin agreed to purchase, silver ingots to be used as raw materials for the manufacturing of silver products of the Group.

The 2024-2026 Framework Purchase Agreement is a framework agreement and it is envisaged that individual purchase orders will be entered into between Jiangxi Jiyin and Longtianyong from time to time. Each individual purchase order will set out the product specifications, purchase price, quantity and details relevant to the purchases. The individual purchase orders may only contain provisions which are consistent with the principles, terms and conditions set out in the 2024-2026 Framework Purchase Agreement.

Condition Precedent

The 2024-2026 Framework Purchase Agreement is conditional upon the approval by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

Pricing Policy

The price for the silver ingots to be supplied by Longtianyong to Jiangxi Jiyin under the 2024-2026 Framework Purchase Agreement will be determined based on the prevailing market rates of silver ingots (currently expected to be with reference to the market rates published by Shanghai Huatong), and shall be no less favourable than the price that is available from independent suppliers for the same or comparable products.

Shanghai Huatong operates an integrated silver exchange platform which seeks to link together the national and international spot markets of silver so as to enhance the fairness and recognition of the prices quoted on the platform. Its official website, www.huatongsilver.com (formerly www.buyyin.com), has been one of the authoritative web portals for the silver industry in the PRC. The daily spot silver prices quoted by such website are the general reference prices for the silver industry in the PRC.

Historical Annual Caps and Transaction Amounts

The table below sets out the historical annual caps of the transactions contemplated under the 2021-2023 Framework Purchase Agreement for the three years ended/ending 31 December 2021, 2022 and 2023:

	For the year ended/ending 31 December		
	2021	2022	2023
Historical annual cap (RMB million)	400	500	600

The table below sets out the historical transaction amounts of the Group's sourcing of silver ingots from Longtianyong for the two years ended 31 December 2021 and 2022 and the nine months ended 30 September 2023:

	For the year ended		For the
	31 December	2022	nine months ended 30 September
	2021	2022	2023
Historical transaction amount (RMB million, approximately)	93	84	41
Historical annual cap utilization rate (%, approximately)	23.3	16.8	6.8 ^(Note)

Note: This is calculated based on the transaction amount for the nine months ended 30 September 2023 divided by the annual cap for the year ending 31 December 2023.

LETTER FROM THE BOARD

The low historical annual cap utilization rates were mainly attributable to the lower-than expected sales volume of the Group's jewellery products in the PRC since 2021, which was in turn due to macro factors that were unforeseeable when the historical annual caps were determined in late 2020, including in particular (i) the repeated resurgences of COVID-19 and related epidemic prevention and control measures in 2021 to 2022, which resulted in frequent business suspensions and weakened consumer sentiment; and (ii) the slower-than-expected domestic economic recovery after the relaxation of epidemic prevention and control measures in late 2022 to early 2023, which had suppressed consumer sentiment.

Proposed Annual Caps

The table below sets out the proposed annual caps of the transactions contemplated under the 2024-2026 Framework Purchase Agreement for the three years ending 31 December 2024, 2025 and 2026:

	For the year ending 31 December		
	2024	2025	2026
Proposed annual cap (RMB million)	150	175	200

In determining the above proposed annual caps, the Directors have taken into account the following factors:

- (i) the revenue expected to be generated from the sale of silver products by the Group based on its current business outlook, from which the expected demand for silver ingots can be derived. The expected demand for silver ingots is projected at approximately 22 tonnes, 25 tonnes and 29 tonnes for the three years ending 31 December 2024, 2025 and 2026, respectively;
- (ii) the estimated cost of the silver ingots to be procured by the Group, which is the expected quantity demanded multiplied by the expected cost per unit. The projected silver spot price (excluding tax) is around RMB5,800 per kilogram (i.e. per 0.001 tonne), which is primarily based on the recent average price of silver ingots from August 2023 to October 2023;
- (iii) the percentage of silver ingots the Group expects to procure from Longtianyong, which could reach 100% of the Group's purchase of silver ingots based on previous years' experience; and
- (iv) a buffer for any possible increase in demand for the silver products of the Group due to unexpected market conditions and for the volatility of prices of silver ingots as a commodity. The buffer is around 18%, 21% and 19% for the three years ending 31 December 2024, 2025 and 2026, respectively.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE 2024-2026 FRAMEWORK PURCHASE AGREEMENT

The Group has access to independent suppliers of silver, being a commodity that is widely available in the market at comparable market prices and quality. As disclosed in the Prospectus, since April 2016, the Group has sourced silver ingots and related raw materials from Longtianyong at the prevailing market rates of silver ingots. The Directors believe that the purchase of silver ingots from Longtianyong would continue to benefit the Group for the following reasons:

- (i) the purchases from Longtianyong will be at competitive prices which will be no less favourable than those that Jiangxi Jiyin can obtain from independent third parties;
- (ii) the Directors consider that it is crucial for the Group to maintain stable and reliable sources of supply of silver ingots for the Group's existing and future production needs. In view of the Group's past experience in procuring silver ingots from Longtianyong since April 2016, the Directors are of the view that Longtianyong can effectively fulfil the Group's demands for silver ingots in terms of volume and quality in a timely manner. Even during the temporary suspension of production of Longtianyong's silver production facilities between late April 2021 and late August 2021 (as disclosed in China Silver Group's announcements dated 7 June 2021 and 25 August 2021), Longtianyong was able to maintain an uninterrupted supply of silver ingots to Jiangxi Jiyin by purchasing silver ingots from an external source and then reselling them to Jiangxi Jiyin;
- (iii) Longtianyong has provided favourable terms such as flexible and timely delivery schedule of silver ingots purchased by the Group; and
- (iv) the office premises, warehouses and silver processing workshops of Jiangxi Jiyin are situated in close proximity to the manufacturing facilities of Longtianyong. Due to such geographical proximity, the Group's procurement of silver ingots from Longtianyong can save transportation and logistics costs and can facilitate product returns or exchanges (if necessary).

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the 2024-2026 Framework Purchase Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better, and that the terms of the 2024-2026 Framework Purchase Agreement and the proposed annual caps of the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

Procurement Procedures

Jiangxi Jiyin's procurement department will seek quotations from at least two independent third parties offering the same or comparable products and the head of procurement department will evaluate the fairness and reasonableness of the price offered by Longtianyong and to decide if the price offered by Longtianyong is comparable to or more favourable than those offered by such independent third parties for the same or comparable products based on the quotations received.

After the head of procurement department chooses the supplier, the procurement department will contact the chosen supplier and will enter into purchase order(s) with the supplier. The procurement department will then apply internally for the necessary funding and will arrange the payment of the transaction amounts to the supplier. After receiving the silver ingots from the supplier, the procurement department will settle the outstanding balance of the transaction amounts (if any).

Other Internal Control Measures

The Company will report transactions under the 2024-2026 Framework Purchase Agreement with Longtianyong to the audit committee of the Company for its review (if necessary). Further, the independent non-executive Directors will review the transactions under the 2024-2026 Framework Purchase Agreement annually to check and confirm whether such transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the 2024-2026 Framework Purchase Agreement, and on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and will review and confirm whether such transactions have been entered into within the relevant annual caps. The Company will also engage its auditor to review such transactions annually pursuant to Rule 14A.56 of the Listing Rules.

As part of the general corporate governance measures adopted by the Company, the Board will monitor the internal control procedures put in place by the Company to ensure that they are adequate and effective and that the aforesaid transactions are conducted in accordance with the terms of the 2024-2026 Framework Purchase Agreement and the requirements under the Listing Rules.

LETTER FROM THE BOARD

GENERAL INFORMATION

The Company and Jiangxi Jiyin

The Company, together with its subsidiaries, is a leading integrated online and offline internet-based jewellery retailer in the PRC with two operating segments, including (i) the new jewellery retail segment, i.e. designing and sales of gold, silver, colored gemstones and gem-set and other jewellery products in the PRC, of which Jiangxi Jiyin's business forms part; 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 SaaS (software as a service) services along the agricultural supply chain in the PRC. As of the Latest Practicable Date, the Company was beneficially owned as to approximately 40.39% by China Silver Group, which accounts for the Company as its non-wholly-owned subsidiary.

Jiangxi Jiyin is a wholly-owned subsidiary of the Company (and hence a non-wholly-owned subsidiary of China Silver Group) primarily engaged in the processing and wholesale of precious metal products.

China Silver Group and Longtianyong

China Silver Group, together with its subsidiaries, is a leading fully-integrated silver and precious metals enterprise in the PRC with three operating segments, including (i) the manufacturing segment, i.e. manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC, of which Longtianyong's business forms part; (ii) the new jewellery retail segment, which is part of the Group's business; and (iii) the fresh food retail segment, which is also part of the Group's business. As of the Latest Practicable Date, China Silver Group was beneficially owned as to approximately 20.82% by Mr. Chen Wantian, the chairman and single largest shareholder of China Silver Group.

Longtianyong is a wholly-owned subsidiary of China Silver Group primarily engaged in the manufacture of silver, palladium and other non-ferrous metals for sale.

LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, Longtianyong was a wholly-owned subsidiary of China Silver Group, the immediate and ultimate holding company of the Company. China Silver Group is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Longtianyong is an associate of China Silver Group under Rule 14A.13(1) of the Listing Rules, and hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

LETTER FROM THE BOARD

The highest Applicable Percentage Ratio calculated with reference to the highest of the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 exceeds 5%. Therefore, the transactions contemplated under the 2024-2026 Framework Purchase Agreement constitute a non-exempt continuing connected transaction for the Company under the Listing Rules, and the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 are subject to the reporting, announcement, circular (including independent financial advice), Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. All Shareholders with a material interest (other than by virtue of being a Shareholder) in the transactions contemplated under the 2024-2026 Framework Purchase Agreement are required to abstain from voting on the resolution to be proposed at the EGM for approving the aforesaid matters.

The Company has established the Independent Board Committee to review, consider, recommend and advise the Independent Shareholders in respect of the aforesaid matters, and has appointed Messis Capital Limited (大有融資有限公司) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

None of the Directors has any material personal interest in the transactions contemplated under the 2024-2026 Framework Purchase Agreement and none of the Directors has abstained from voting on the Board resolution to approve the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026.

RECOMMENDATION

After taking into account the view of the Independent Board Committee as set out in this circular and the reasons for and benefits of the transactions contemplated under the 2024-2026 Framework Purchase Agreement, the Directors are of the view that the terms of the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the ordinary resolution to approve the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 at the EGM.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Wednesday, 13 December 2023 at 2:00 p.m. is set out on pages 37 to 38 of this circular. At the EGM, an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026.

The ordinary resolution proposed at the EGM will be determined by way of poll by the Independent Shareholders relating to the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026.

Pursuant to Rule 14A.36 of the Listing Rules, all Shareholders with a material interest (other than by virtue of being a Shareholder) in the transactions contemplated under the 2024-2026 Framework Purchase Agreement are required to abstain from voting at the EGM. China Silver Group (being the ultimate holding company of Longtianyong) and Mr. Chen Wantian (being a director and substantial shareholder of China Silver Group) will abstain from voting at the EGM in respect of the ordinary resolution approving the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026. As far as the Company is aware having made all reasonable enquiry, as of the Latest Practicable Date, save for China Silver Group which beneficially held 500,000,033 Shares (representing approximately 40.39% of the issued share capital of the Company) and Mr. Chen Wantian who beneficially held 10,479,536 Shares (representing approximately 0.85% of the issued share capital of the Company), no other Shareholder had a material interest in the transactions contemplated under the 2024-2026 Framework Purchase Agreement.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 2:00 p.m. on Monday, 11 December 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 8 December 2023 to Wednesday, 13 December 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 7 December 2023.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of the Board
CSMall Group Limited
Chen He
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026.



CSMall Group Limited **金貓銀貓集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1815)

24 November 2023

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION:
2024-2026 FRAMEWORK PURCHASE AGREEMENT FOR
THE SOURCING OF SILVER INGOTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 24 November 2023 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you regarding the fairness and reasonableness of the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026, and having taken into account the principal factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter dated 24 November 2023, we consider that the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution proposed at the EGM approving the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026.

We draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the appendix to the Circular.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Yu Leung Fai
Independent non-executive
Director

Mr. Hu Qilin
Independent non-executive
Director

Mr. Zhang Zuhui
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Messis Capital Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this Circular.

MESSIS 大有融資

24 November 2023

*To: The Independent Board Committee and the Independent Shareholders
of CS Mall Group Limited*

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTION: 2024-2026 FRAMEWORK PURCHASE AGREEMENT FOR THE SOURCING OF SILVER INGOTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder, together with the proposed annual caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 24 November 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 3 November 2023 in relation to, among others, the proposed renewal of continuing connected transaction by entering into the 2024-2026 Framework Purchase Agreement for the sourcing of silver ingots for the period from 1 January 2024 to 31 December 2026.

As at the Latest Practicable Date, the Company was beneficially owned as to approximately 40.39% by China Silver Group, which accounts for the Company as its non-wholly-owned subsidiary. As at the Latest Practicable Date, Longtianyong was a wholly-owned subsidiary of China Silver Group. As at the Latest Practicable Date, China Silver Group was beneficially owned as to approximately 20.82% by Mr. Chen Wantian, the chairman and single largest shareholder of China Silver Group. Therefore, China Silver Group is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Longtianyong is an associate of China Silver Group under Rule 14A.13(1) of the Listing Rules, and hence a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the 2024-2026 Framework Purchase Agreement would therefore constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The highest Applicable Percentage Ratio calculated with reference to the highest of the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 exceeds 5%. Therefore, the transactions contemplated under the 2024-2026 Framework Purchase Agreement constitute a non-exempt continuing connected transaction for the Company under the Listing Rules, and the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 are subject to the reporting, announcement, circular (including independent financial advice), Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.36 of the Listing Rules, all Shareholders with a material interest (other than by virtue of being a Shareholder) in the transactions contemplated under the 2024-2026 Framework Purchase Agreement are required to abstain from voting on the resolution to be proposed at the EGM for approving the aforesaid matters. China Silver Group (being the ultimate holding company of Longtianyong) and Mr. Chen Wantian (being a director and substantial shareholder of China Silver Group) will abstain from voting on such resolution.

The Independent Board Committee (comprising all independent non-executive Directors), namely, Mr. Yu Leung Fai, Mr. Hu Qilin and Mr. Zhang Zuhui, has been established in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder, together with the proposed annual caps. We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Independent Shareholders are concerned, in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favor of the approval of the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder, together with the proposed annual caps.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not been appointed as an independent financial adviser for the Company. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the 2024-2026 Framework Purchase Agreement.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder, together with the proposed annual caps. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing whether the terms of the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereunder, together with the proposed annual caps are on normal commercial terms and are fair and reasonable as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

1. Background of and reasons for entering into the 2024-2026 Framework Purchase Agreement

The Group is a leading integrated online and offline jewellery retailer in the PRC primarily engaged in (i) the design and sales of gold, silver, colored gemstones, gem-set and other jewellery products in the PRC; and (ii) integrated online and-offline sales of fresh food in the RPC, and providing related electronic platforms and branding and SaaS (Software as a service) services to enterprises along the agricultural supply chain in the PRC.

China Silver Group, together with its subsidiaries, is a leading fully-integrated silver and precious metals enterprise in the PRC with three operating segments, including (i) the manufacturing segment, i.e. manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC, of which Longtianyong's business forms part; (ii) the new jewellery retail segment, which is part of the Group's business; and (iii) the fresh food retail segment, which is also part of the Group's business. Longtianyong is a wholly-owned subsidiary of China Silver Group primarily engaged in the manufacture of silver, palladium and other non-ferrous metals for sale.

As disclosed in the Prospectus, since April 2016, the Group has sourced silver ingots and related raw materials from Longtianyong at the prevailing market rates of silver ingots. The 2021-2023 Framework Purchase Agreement entered into between Jiangxi Jiyin and Longtianyong will expire on 31 December 2023. The Company intends to continue to enter into transactions of a similar nature from time to time after the expiry date. Therefore, on 3 November 2023, Jiangxi Jiyin and Longtianyong entered into the 2024-2026 Framework Purchase Agreement, nature of which is similar to that of the transactions under the 2021-2023 Framework Purchase Agreement, which will be effective during the period from 1 January 2024 to 31 December 2026.

As disclosed in the Letter from the Board, the Directors are of the view that purchase of silver ingots from Longtianyong would continue to benefit the Group for the following reasons:

- (i) the purchases from Longtianyong will be at competitive prices which will be no less favourable than those that Jiangxi Jiyin can obtain from independent third parties;

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- (ii) the Directors consider that it is crucial for the Group to maintain stable and reliable sources of supply of silver ingots for the Group's existing and future production needs. In view of the Group's past experience in procuring silver ingots from Longtianyong since April 2016, the Directors are of the view that Longtianyong can effectively fulfil the Group's demands for silver ingots in terms of volume and quality in a timely manner. Even during the temporary suspension of production of Longtianyong's silver production facilities between late April 2021 and late August 2021 (as disclosed in China Silver Group's announcements dated 7 June 2021 and 25 August 2021), Longtianyong was able to maintain an uninterrupted supply of silver ingots to Jiangxi Jiyin by purchasing silver ingots from an external source and then reselling them to Jiangxi Jiyin;
- (iii) Longtianyong has provided favourable terms such as flexible and timely delivery schedule of silver ingots purchased by members of the Group; and
- (iv) the office premises, warehouses and silver processing workshops of Jiangxi Jiyin are situated in close proximity to the manufacturing facilities of Longtianyong. Due to such geographical proximity, the Group's procurement of silver ingots from Longtianyong can save transportation and logistics costs and can facilitate product returns or exchanges (if necessary).

We have reviewed the 2024-2026 Framework Purchase Agreement and note that the basis of determining the prices for the silver ingots are clearly stated thereunder, which is primarily determined based on the prevailing market price. Furthermore, the prices offered by Longtianyong to the Group shall be no less favourable than those offered by other independent suppliers for the same or comparable products. For further details regarding the pricing policy of the 2024-2026 Framework Purchase Agreement, please refer to the paragraph headed "Principal terms of the 2024-2026 Framework Purchase Agreement" below.

We have discussed with the management of the Company and understand that the purchase of silver ingots under the 2024-2026 Framework Purchase Agreement will be important to and are necessary for the Group's production and business operation. For the two years ended 31 December 2022 and the six months ended 30 June 2023, the sales of silver products amounted to approximately RMB211.3 million, RMB115.4 million and RMB44.3 million, respectively, representing approximately 58.0%, 41.1% and 31.2% of the Group's revenue generated from the new jewellery retail segment for the respective year/period. We note that the sales of silver products remain the Group's major source of revenue and the Directors expected that the sales of silver products will continue to contribute to the Group's revenue in the future. Hence, the Directors are of the view that it is important to maintain stable and reliable sources of supply of silver ingots for the Group's existing and future production needs. Although silver ingots, being the major raw materials of the

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Group's silver products, are commodities, which are obtainable through a variety of sources, if the (i) availability of; (ii) the Group's access to; or (iii) the cost of silver ingots is adversely affected, the Group may have to pay more for, or may be unable to source silver ingots, which could materially and adversely affect the Group's business operation. Longtianyong, being the Group's principal supplier of silver ingots, has a proven track record in providing stable and reliable sources of supply of silver ingots to meet the Group's production needs. For the two years ended 31 December 2022 and the nine months ended 30 September 2023, the Group purchased all of its silver ingots from Longtianyong for the respective year/period. Therefore, we concur with the Directors' view that the 2024-2026 Framework Purchase Agreement will allow the Group to secure a timely and stable source of supply of silver ingots, given its long-term relationship with Longtianyong.

We have also enquired with the management of the Company and understand that the Group did not encounter any significant delay in delivery from Longtianyong during the term of the 2021-2023 Framework Purchase Agreement. Given that the (i) long-term relationship with Longtianyong; and (ii) close geographical proximity of Jiangxi Jiyin's and Longtianyong's respective operations, the Group may be able to negotiate more flexible delivery schedule with Longtianyong, which we consider that it is reasonable. Moreover, the purchase of silver ingots from Longtianyong can also reduce the costs of production of the Group by saving costs in transportation.

In light of the above, we consider that the 2024-2026 Framework Purchase Agreement forms part of the ordinary and usual course of the Group's business. Therefore, we are of the view that the entering into the 2024-2026 Framework Purchase Agreement and the transactions contemplated thereafter are in the interest of the Group and the Shareholders as a whole.

2. 2024-2026 Framework Purchase Agreement

2.1 Principal terms of the 2024-2026 Framework Purchase Agreement

The principal terms of the 2024-2026 Framework Purchase Agreement, among others, are set out below:

Date:

3 November 2023

Parties:

- (i) Jiangxi Jiyin, as the purchaser
- (ii) Longtianyong, as the supplier

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Term:

The 2024-2026 Framework Purchase Agreement will be effective during the period from 1 January 2024 to 31 December 2026.

Jiangxi Jiyin and Longtianyong may renew the 2024-2026 Framework Purchase Agreement through friendly negotiations, subject to compliance with the relevant requirements under the Listing Rules and all other applicable laws and regulations.

Subject matter:

Pursuant to the 2024-2026 Framework Purchase Agreement, Longtianyong agreed to supply, and Jiangxi Jiyin agreed to purchase, silver ingots to be used as raw materials for the manufacturing of silver products of the Group.

The 2024-2026 Framework Purchase Agreement is a framework agreement and it is envisaged that individual purchase orders will be entered into between Jiangxi Jiyin and Longtianyong from time to time. Each individual purchase order will set out the product specifications, purchase price, quantity and details relevant to the purchases. The individual purchase orders may only contain provisions which are consistent with the principles, terms and conditions set out in the 2024-2026 Framework Purchase Agreement.

Pricing Policy:

The price for the silver ingots to be supplied by Longtianyong to Jiangxi Jiyin under the 2024-2026 Framework Purchase Agreement will be determined based on the prevailing market rates of silver ingots (currently expected to be with reference to the market rates published by Shanghai Huatong), and shall be no less favourable than the price that is available from independent suppliers for the same or comparable products.

Shanghai Huatong operates an integrated silver exchange platform which seeks to link together the national and international spot markets of silver so as to enhance the fairness and recognition of the prices quoted on the platform. Its official website, www.huatongsilver.com (formerly www.buyyin.com), has been one of the authoritative web portals for the silver industry in the PRC. The daily spot silver prices quoted by such website are the general reference prices for the silver industry in the PRC.

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We have reviewed the 2024-2026 Framework Purchase Agreement and note that the basis of determining the prices for the silver ingots are clearly stated thereunder, which is primarily determined based on the market price. Furthermore, the prices offered by Longtianyong to the Group shall be no less favourable than those offered by other independent suppliers for the same or comparable products.

Based on our independent research from the relevant public websites (www.huatongsilver.com and www.cinic.org.cn), we note that Shanghai Huatong is an operator of a well-established, recognised and integrated silver exchange platform in the PRC, which provides professional and standardised spot goods supply, trading, logistic and e-commerce services. As advised by the management of the Company, the daily spot silver prices quoted by the silver exchange platform of Shanghai Huatong are the general reference prices for the silver industry in the PRC. On such basis, we consider that prices of the silver ingots during the term of the 2024-2026 Framework Purchase Agreement for the three years ending 31 December 2026 by making reference to market rates published by Shanghai Huatong shall be a reliable and fair price determination mechanism between the Group and Longtianyong, and therefore regarded as fair and reasonable so far as the Independent Shareholders are concerned. Based on our understanding from the management of the Company, the Group has not encountered in the past the situation when the market rates published by Shanghai Huatong cannot reflect the prevailing market price of silver ingots.

Furthermore, the prices offered by Longtianyong to the Group shall be no less favourable than those offered by other independent suppliers for the same or comparable products. We note that the Group must obtain quotations from at least two other independent third parties as part of the assessment of the price of silver ingots offered by Longtianyong. In addition, we obtained the Group's record of purchases from Longtianyong and randomly selected two sample transactions for each year/period during the term of the 2021-2023 Framework Purchase Agreement, which we consider it is fair and reasonable as the Group entered into standardised contracts for its purchases from Longtianyong which offered similar terms during the term of the 2021-2023 Framework Purchase Agreement. We have reviewed and compared (i) two sample contracts for the purchase of silver ingots from Longtianyong for each year/period during the term of the 2021-2023 Framework Purchase Agreement; (ii) corresponding quotations obtained from independent third parties; and (iii) corresponding market rates of silver ingots published by Shanghai Huatong. Based on the review of these samples, we note that the prices of the silver ingots ordered by Longtianyong were (i) primarily determined with reference to the market rates published by Shanghai Huatong; and (ii) no less favourable than those quoted by the other independent suppliers. As such we consider that the Company has complied with its internal control procedures in monitoring the transactions contemplated under the

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2024-2026 Framework Purchase Agreement and the purchase prices of silver ingots under the samples contracts entered into with Longtianyong are in line with the Company's pricing policy as described above.

Having considered the above, in particular that there are procedures in place to ensure the transactions contemplated under the 2024-2026 Framework Purchase Agreement will be entered into on normal commercial terms or on terms no less favourable than those offered by independent third parties, we are of the view that the terms of the 2024-2026 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

2.2 The proposed annual caps of the 2024-2026 Framework Purchase Agreement

The following table set forth the (i) historical annual caps of the transactions contemplated under the 2021-2023 Framework Purchase Agreement for the three years ending 31 December 2023; (ii) proposed annual caps of the transactions contemplated under the 2024-2026 Framework Purchase Agreement for the three years ending 31 December 2026; and (iii) the historical transactions amounts under the 2021-2023 Framework Purchase Agreement for the two years ended 31 December 2022 and the nine months ended 30 September 2023.

	For the year ended		For the year ending		For the year ending 31 December		
	31 December		31 December		2024	2025	2026
	2021	2022	2023	2023	2024	2025	2026
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Historical/proposed annual cap	400	500	600		150	175	200
Historical transaction amount	93	84	41				
Historical annual cap utilisation rate (% approximately)	23.3	16.8	6.8 ^(Note)				

Note:

It is calculated based on the transaction amount for the nine months ended 30 September 2023 divided by the annual cap for the year ending 31 December 2023.

With reference to the Letter from the Board, the proposed annual caps are determined according to following factors:

- (i) the revenue expected to be generated from the sale of silver products by the Group based on its current business outlook, from which the expected demand for silver ingots can be derived;

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- (ii) the estimated cost of the silver ingots to be procured by the Group, which is the expected quantity demanded multiplied by the expected cost per unit;
- (iii) the percentage of silver ingots the Group expects to procure from Longtianyong, which could reach 100% of the Group's purchase of silver ingots based on previous years' experience; and
- (iv) a buffer for any possible increase in demand for the silver products of the Group due to unexpected market conditions and for the volatility of prices of silver ingots as a commodity.

With respect to historical utilization of annual caps, as mentioned in the Letter from the Board, the low historical annual cap utilization rates were mainly attributable to the lower-than-expected sales volume of the Group's jewellery products in the PRC since 2021, which was in turn due to macro factors that were unforeseeable when the historical annual caps were determined in late 2020, including in particular (i) the repeated resurgences of COVID-19 and related epidemic prevention and control measures in 2021 to 2022, which resulted in frequent business suspensions and weakened consumer sentiment; and (ii) the slower-than-expected domestic economic recovery after the relaxation of epidemic prevention and control measures in late 2022 to early 2023, which had suppressed the consumer sentiment. With reference to the Company's interim report for the six months ended 30 June 2023, the Group's sales from its jewellery retails segment and sales of silver products for the six months ended 30 June 2023 were approximately RMB141.9 million and RMB44.3 million, respectively, representing a decrease of approximately 11.9% and 20.5%, respectively, from that for the six months ended 30 June 2022. As advised by the management of the Company, the jewellery retails segment and to a larger extent the jewellery retails industry as a whole is still in recovery at the post-pandemic era.

With respect to the formulation of the proposed annual caps for the three years ending 31 December 2026, the annual cap for each year is calculated as the estimated cost of the silver ingots to be procured by the Group, being the expected quantity demanded (the quantity factor), multiplied by the expected cost per unit (the price factor). As advised by the management of the Company, (i) the expected quantity demanded is projected at approximately 22 tonnes, 25 tonnes and 29 tonnes for the three years ending 31 December 2026, respectively; and (ii) projected silver spot price (excluding tax) of around RMB5,800 per kilogram, which is made with reference to the recent average price of silver ingots over a period of three months from August 2023 to October 2023 as advised by the management of the Company. We attempt to analyse the fairness and reasonableness of the proposed annual caps for the three years ending 31 December 2026 based on the quantity factor and the price factor.

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With respect to the quantity factor, the expected quantity of silver ingots demanded is in turn derived from the expected sales of silver and jewellery product by the Group based on its current business outlook. Notwithstanding the slower-than-expected domestic economic recovery after the relaxation of epidemic prevention and control measures in late 2022 to early 2023 as mentioned above, the management of the Company believes that, with the help of the implementation of effective macroeconomic policies and the gradual recovery of the national economy, the Group's sales from its jewellery retails segment and sales of silver products would pick up momentum going forward. Indeed, as announced by The National Bureau of Statistics on 18 October 2023, for the first three quarters of 2023, the total retail sales of consumer goods reached RMB34,210.7 billion, representing a year-on-year increase of 6.8%, of which retail sales of gold, silver and jewellery was RMB247.2 billion, achieving a year-on-year increase of 12.2%, which is the highest amongst all types of consumer goods. According to new article published by The Ministry of Commerce of the PRC, the robust growth in domestic consumption was attributable to the various stimulative policies launched in September 2023 to optimise supply and demand in the consumption market and to improve the consumption conditions and atmosphere, and therefore, we expect that such growth trend would continue as driven by national policies as a mean to fortify the post-pandemic national economy. On the other hand, as advised by the management of the Company, the purchase amount of silver ingots by Jiangxi Jiyin from Longtianyong was approximately 92 tonnes for the year ended 31 December 2019, and the expected quantity demanded of 22 tonnes for the year ending 31 December 2024 is only one-fourth to the purchase quantity immediately before the COVID-19 outbreak. Based on the foregoing, we consider that the projection for increasing quantity demanded is commercially justified.

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With respect to the price factor, we have looked into the price trend of silver. Set out below is the graph showing the historical market spot prices of silver ingots (excluding tax) during the period from 1 November 2022 to 31 October 2023 (the “**Review Period**”), being approximately a year prior to the date of the 2024-2026 Framework Purchase Agreement.



Source: Shanghai Gold Exchange (<https://en.sge.com.cn/>)

Based on the graph above, the silver ingots prices steadily increased from around RMB4,600 per kilogram in November 2022 (while facing (i) a noticeable dip from around RMB5,300 per kilogram in January 2023 to around RMB4,800 per kilogram in March 2023, and (ii) another noticeable dip from around RMB5,800 per kilogram in May 2023 to around RMB5,300 per kilogram in May 2023) to hover around RMB5,800 per kilogram in October 2023. The silver ingots price was RMB5,884 per kilogram as at the Latest Practicable Date.

Taking into account the (i) the upward trend of silver ingots market prices in general during the Review Period, particularly starting from the third quarter of 2023 and now hovering around RMB5,800; and (ii) volatility of silver ingots prices as a commodity, we consider by making reference to the recent average price of silver ingots over a period of three months from August 2023 to October 2023 of approximately RMB5,800 per kilogram to estimate the cost of the silver ingots to be procured by the Group for the three years ending 31 December 2026, which can smooth out the volatility effect while reflect the more recent market condition in the post-pandemic era, is fair and reasonable.

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While it is aware of the low historical annual cap utilization rates for the transactions under the 2021-2023 Framework Purchase Agreement as discussed above, given (i) the projected silver spot price of approximately RMB5,800 per kilogram for the three years ending 31 December 2026 is higher than the aforesaid historical average purchase price of silver ingots for the two years and nine months ended 30 September 2023, alongside the upward trend of the silver ingots market price; and (ii) the anticipated purchase volume for the year ending 31 December 2024 of 22 tonnes is one-fourth of the purchase quantity of 92 tonnes immediately before the COVID-19 outbreak in 2023, we considered the fact that the proposed annual caps for the three years ending 31 December 2026 are higher than the historical transaction amount for the two years ended 31 December 2022 would not render such proposed annual caps unfair or unreasonable.

As disclosed in the Letter from the Board, the Company applied a buffer of around 18%, 21% and 19% for the three years ending 31 December 2026. As mentioned above, the market spot prices of silver ingots had been volatile during the Review Period (e.g. a surge in price of around 20% from around RMB4,800 in March 2023 to around RMB5,800 in May 2023), hence, we are also of the view that it is conservative for the Company to apply such a buffer to cater for the unexpected increase of purchase amount of silver ingots from Longtianyong driven by sudden increase in the market spot price of silver ingots. As a result, we consider that it is fair and reasonable for the Company to apply a buffer to cater for any possible increase in demand for the silver products of the Group due to unexpected market conditions.

Given (i) the long-term relationship with Longtianyong; (ii) Longtianyong as the Group's principal suppliers of silver ingots with proven track record in providing stable and reliable sources of supply of silver ingots to meet the Group's production needs; (iii) close geographical proximity of Jiangxi Jiyin's and Longtianyong's respective operations; and (iv) the Group purchased all of its silver ingots from Longtianyong for the year ended 31 December 2021 and the nine months ended 30 September 2023, we consider the assumption that the Group would procure approximately 100% of its silver ingots from Longtianyong for the three years ending 31 December 2026 is fair and reasonable.

Based on above, we are of the view that the proposed annual caps are reasonably estimated and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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INTERNAL CONTROL MEASURES OF THE COMPANY

We have further discussed with the management of the Company to understand that the Group will continue to adhere to the internal control measures in monitoring the transactions contemplated under the 2024-2026 Framework Purchase Agreement, which are set out in the Letter from the Board, in order to safeguard the interests of the Company and the Shareholders as a whole.

In addition, we were given to understand by the management of the Company, that the Group has adopted the aforesaid internal control measures when conducting the continuing connected transactions contemplated under the 2024-2026 Framework Purchase Agreement. The Company has assigned specific responsibilities to the procurement department of the Company in performing regular checks on the continuing connected transactions, monitoring the amounts of transactions and conducting assessment and evaluation on the fairness of the transaction terms and pricing terms to ensure the transactions with Longtianyong are in accordance with the 2024-2026 Framework Purchase Agreement.

Furthermore, we noted from the annual reports of the Company for each of the two years ended 31 December 2021 and 2022, that the independent non-executive Directors of the Company had reviewed the historical continuing connected transactions in relation to the 2021-2023 Framework Purchase Agreements and confirmed such continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) according to the relevant agreement governing the respective transactions on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (iv) within the caps as set out in the Prospectus. We also noted that the Company has engaged its auditor to report on the Group's continuing connected transactions and issued an unqualified letter containing their findings and conclusions in respect of the Group's continuing connected transactions during respective financial years.

Given the above, we concur with the Directors' view that the Group has implemented adequate and effective internal control measures to ensure that the continuing connected transactions with Longtianyong will be conducted on normal commercial terms and in accordance with the terms of the 2024-2026 Framework Purchase Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Taking into consideration the above factors and reasons, we are of the view that (i) the entering into the 2024-2026 Framework Purchase Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the 2024-2026 Framework Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the proposed annual caps are reasonably determined, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the 2024-2026 Framework Purchase Agreement, the transaction contemplated thereunder and the respective proposed annual caps thereof.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Thomas Lai
Chief Executive Officer

Mr. Thomas Lai is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 28 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under the provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares as of the Latest Practicable Date

Name of Director	Capacity/ Nature of interest	Number of Shares ⁽¹⁾	Appropriate percentage of interest in the Company
Mr. Chen He (陳和) ⁽²⁾	Interest in a controlled corporation	21,250,000	1.72%
Mr. Qian Pengcheng (錢鵬程) ⁽³⁾	Interest in a controlled corporation	14,500,000	1.17%

Notes:

(1) All interests are long positions.

- (2) Silver Apex Holdings Limited is directly wholly owned by Mr. Chen He. Accordingly, Mr. Chen He is deemed to be interested in the 21,250,000 Shares held by Silver Apex Holdings Limited by virtue of the SFO.
- (3) Treasure Delight International Limited is directly wholly owned by Mr. Qian Pengcheng. Accordingly, Mr. Qian Pengcheng is deemed to be interested in the 14,500,000 Shares held by Treasure Delight International Limited by virtue of the SFO.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of substantial Shareholders

As of the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executive of the Company, the persons and entities (other than the Directors or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the Shares as of the Latest Practicable Date

Name of Shareholder	Capacity/ Nature of interest	Number of Shares ⁽¹⁾	Appropriate percentage of interest in the Company
China Silver Group	Beneficial owner	500,000,033	40.39%
Mr. Lin Ting (林挺) ⁽²⁾	Beneficial owner	1,529,000	0.12%
	Trustee	84,392,000	6.82%
Mr. Yao Runxiong (姚潤雄)	Beneficial owner	100,000,000	8.08%
Ms. Xue Meiqi (薛美琪) ⁽³⁾	Trustee	84,287,040	6.81%

Notes:

- (1) All interests are long positions.
- (2) Blaze Loop Limited was formed under the Company's pre-IPO employee share scheme adopted on 6 June 2016 and reconstituted on 16 February 2017 ("**Pre-IPO Employee Share Scheme**") and is directly wholly owned by Mr. Lin Ting. Mr. Lin Ting is an employee of the Group and the trustee under the Pre-IPO Employee Share Scheme. Initially, Blaze Loop Limited held Shares on trust for certain participants of the Pre-IPO Employee Share Scheme. For administrative reasons, Blaze Loop Limited transferred 84,392,000 Shares (being all Shares then held by it for the benefit of various participants of the Pre-IPO Employee Share Scheme) to Mr. Lin Ting himself, who continues to act as the trustee in respect of such Shares. Accordingly, in addition to his direct beneficial shareholding of 1,529,000 Shares, Mr. Lin Ting holds 84,392,000 Shares as the trustee under the Pre-IPO Employee Share Scheme.
- (3) Ascend Delight Holdings Limited was formed under the Company's post-IPO employee share scheme adopted on 6 May 2019 ("**Post-IPO Employee Share Scheme**") and is directly wholly owned by Ms. Xue Meiqi. Ms. Xue Meiqi is an employee of the Group and the trustee under the Post-IPO Employee Share Scheme. Initially, Ascend Delight Holdings Limited held Shares on trust for certain participants of the Post-IPO Employee Share Scheme. For administrative reasons, Ascend Delight Holdings Limited transferred 84,287,040 Shares (being all Shares then held by it for the benefit of various participants of the Post-IPO Employee Share Scheme) to Ms. Xue Meiqi herself, who continues to act as the trustee in respect of such Shares. Accordingly, Ms. Xue Meiqi holds 84,287,040 Shares as the trustee under the Post-IPO Employee Share Scheme.

Save as disclosed above, as of the Latest Practicable Date, the Company had not been notified by any persons or entities (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(c) Directors' or chief executive's rights to acquire interests or short positions in Shares and debentures

As of the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective spouse or minor children were granted any rights to acquire benefits by means of acquisition of the Shares in or debentures of the Company or any other body corporate; nor was the Company, its subsidiaries or holding company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company to acquire such rights in the Company or any other body corporate.

3. DISCLOSURE OF OTHER INTERESTS

(a) Interests in contract or arrangement

As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant to the business of the Group.

(b) Interests in assets

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

(c) Interests in competing business

As of the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

4. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualification
Messis Capital Limited	a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

5. CONSENT

Messis Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein.

6. MATERIAL ADVERSE CHANGE

As disclosed in the Company's 2023 interim report published on 27 September 2023, during the six months ended 30 June 2023, the Group saw a decline in the volume of sales primarily as a result of the following: (i) in respect of the new jewellery retail segment, weak consumer sentiment in the PRC due to slower-than-expected domestic economy recovery; and (ii) in respect of the fresh food retail segment, low hog prices in the PRC, which reduced shopkeepers' appetite for trading and led to a shift in strategic focus away from expansion of stores.

Save for the above, as of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

7. MISCELLANEOUS

- (a) None of the Directors has entered into a service contract with the Company which does not expire or which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.
- (b) As of the Latest Practicable Date, Messis Capital Limited was not beneficially interested in the share capital of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As of the Latest Practicable Date, Messis Capital Limited did not have any interest, either directly or indirectly, in any assets which had been, since 31 December 2022 being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (e) The principal share registrar of the Company is Intertrust Corporate Services (Cayman) Limited.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

8. DOCUMENTS ON DISPLAY

Copies of the 2021-2023 Framework Purchase Agreement and the 2024-2026 Framework Purchase Agreement are available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.csmall.com from the date of this circular up to and including 13 December 2023 (the date of the EGM).

NOTICE OF EGM



CSMall Group Limited 金貓銀貓集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1815)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of CSMall Group Limited (the “**Company**”) will be held at Unit 5, 17/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Wednesday, 13 December 2023 at 2:00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolution:

“**THAT** the terms of the framework purchase agreement entered into between Jiangxi Jiyin Company Limited (江西吉銀實業有限公司) (“**Jiangxi Jiyin**”) and Jiangxi Longtianyong Nonferrous Metals Co., Ltd. (江西龍天勇有色金屬有限公司) (“**Longtianyong**”) on 3 November 2023 (the “**2024-2026 Framework Purchase Agreement**”), the transactions contemplated under the 2024-2026 Framework Purchase Agreement and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 as described in the circular of the Company dated 24 November 2023 be and are hereby approved, confirmed and ratified in all respects; and any one director of the Company, or any two directors of the Company if affixation of the Company’s common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to execute and deliver (and affix the Company’s common seal to, if necessary), and procure Jiangxi Jiyin to execute and deliver, all such documents, instruments or agreements and to do all such other acts or things which he/they may in his/their absolute discretion consider necessary or desirable in connection with or incidental to the 2024-2026 Framework Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026.”

By Order of the Board
CSMall Group Limited
Chen He
Chairman

Hong Kong, 24 November 2023

NOTICE OF EGM

Principal Place of Business in Hong Kong:

Unit 5, 17/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Notes:

1. Every member entitled to attend and vote at the above meeting (or at any adjournment thereof) (the “EGM”) is entitled to appoint another person as his proxy. Any member who holds two or more shares may appoint more than one proxy. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is appointed. A proxy need not be a member of the Company. The number of proxies appointed by a clearing house (or its nominee) is not subject to the aforesaid limitation.
2. Where there are joint holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share will alone be entitled to vote in respect thereof.
3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power or authority), must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 2:00 p.m. on Monday, 11 December 2023) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person if he so wishes. In the event of a member who has lodged a form of proxy attending the EGM, the form of proxy will be deemed to have been revoked.
4. The register of members of the Company will be closed from Friday, 8 December 2023 to Wednesday, 13 December 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 7 December 2023 for registration of transfer.
5. The ordinary resolution set out in this notice shall be decided by poll. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, China Silver Group Limited (being the ultimate holding company of Longtianyong) and Mr. Chen Wantian (being a director and substantial shareholder of China Silver Group Limited) are required to abstain from voting on the ordinary resolution.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the board of directors of the Company comprises Mr. Chen He and Mr. Qian Pengcheng as executive directors; and Mr. Yu Leung Fai, Mr. Hu Qilin and Mr. Zhang Zuhui as independent non-executive directors.